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COMMITTEE ON THE BUDGET
U.S. HOUSE OF REPRESENTATIVES

VIEWS AND ESTIMATES

OF

COMMITTEES OF THE HOUSE

(With Additional, Supplemental, and Minority Views)

ON THE

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2021

SUBMITTED PURSUANT TO SECTION 301(d) OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

ONE HUNDRED SIXTEENTH CONGRESS
SECOND SESSION

JUNE 2020

VIEWS AND ESTIMATES OF COMMITTEES OF THE HOUSE

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U.S. House of Representatives
Committee on Agriculture
Room 1301, Longworth House Office Building
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March 10, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we offer the following budget recommendations with respect to programs within the Committee on Agriculture's jurisdiction. The Committee appreciates this opportunity to share its views and estimates for the fiscal year 2021 budget cycle.

Last year, we wrote to you about the necessity to fully implement the bipartisan Agriculture Improvement Act of 2018 (the 2018 Farm Bill) that was signed into law on December 20, 2018. We worked carefully and in a bipartisan way to authorize, and in some cases fund, programs and functions that will support farmers and ranchers, rural communities, and hungry people in times of need today, while building the tools necessary for success in the future. Through the farm bill development process, Members of Congress debated many facets of the now-enacted policies, including their associated purposes, structures, and costs, and ultimately passed a broadly supported bipartisan bill. Given that fiscal year 2021 is likely to be another year of challenges and uncertainty for many sectors, including farmers and ranchers, we must keep the promises made through this five-year bill.

The Supplemental Nutrition Assistance Program (SNAP) provides temporary food assistance for those in need, including low wage working families, low-income seniors, and people with disabilities living on fixed incomes. The 2018 Farm Bill made commonsense reforms to improve SNAP administration and integrity without cutting benefit eligibility. The cost of SNAP has decreased as the broader economy has recovered from the Great Recession. SNAP is on pace to spend $31 billion less over the 2019 through 2028 time period than CBO originally forecasted prior to the passage of the 2018 Farm Bill.

Modest forecasted increases in net farm income in 2020 will do little to make up for the last several years of sustained low prices and market volatility. According to U.S. Department of Agriculture (USDA) estimates, farm sector debt is expected to increase more than twice as fast as farm sector equity in 2020. There are a number of examples of financial stress in the farm economy. For example, over the last ten years, the U.S. has lost nearly 40 percent of USDA licensed dairy farms, and farm bankruptcies in general are up nationwide. Policies authorized in the 2018 Farm Bill, including Dairy Margin Coverage, Price Loss Coverage, Agricultural Risk Coverage, and Marketing Assistance Loans, provide a basic safety net for commodity crop and dairy farmers in the worst of times. The Federal crop insurance program's public-private partnership builds on the USDA commodity safety net and allows farmers and ranchers to afford to purchase flexible and actuarily-sound tools to better manage the risks inherent to farming. As farmers continue to face unpredictable markets, we continue to work to provide improved and transparent risk management tools.

Weather volatility and associated natural disasters continue to threaten farmers and communities around the world. Flooding, wildfires, droughts, hurricanes, snowstorms, and more have had significant impacts on individuals and communities in recent years and forecasts for fiscal year 2021 show more is likely on the way. USDA permanent disaster, voluntary conservation, and U.S. Forest Service programs help impacted communities respond to and recover from disasters, and they provide the tools to help build resiliency in the face of future threats. USDA and U.S. Agency for International Development international food assistance programs play a similar role on the international stage.

Trade disputes continue to add to market uncertainty and price volatility. The Committee has long highlighted the trade-distorting foreign subsidies, tariffs, and non-tariff trade barriers that put American farms and ranchers at a disadvantage in international markets.

This Committee has also long supported reducing barriers for U.S. agricultural products in competitive world markets, which relies heavily on technical work carried out and partnerships forged by USDA. We were glad to safeguard our successful trading relationships with Mexico and Canada by passing the U.S.-Mexico-Canada Agreement and to see an initial agreement to increase market access for U.S. agricultural exports to Japan. While we are hopeful that the recently signed Phase One agreement with China will yield the promised results, careful monitoring and enforcement of the agreement is needed. In the interim, trade assistance has proven to be vital in helping producers survive the downturn in the farm economy and the trade dispute with China.

In the face of high-consequence threats like African Swine Fever, Citrus Greening, Avian Influenza, USDA animal and plant pest and disease prevention and response efforts are crucial to safeguard our domestic food supply and keeping international markets open. Effective surveillance, thorough response plans, and access to the best available technologies are crucial to prevent or minimize the impacts of future incidents. The 2018 Farm Bill re-authorized existing funding for plant pest and disease prevention and response, and, for the first time, provided mandatory funding for three programs to prevent, detect, and respond to animal pest and diseases.

In the face of so many immediate challenges, we also recognize the need to build for the future. USDA's internal research and cooperative partnership work in plant pest resistance, soil health, food safety, human nutrition, animal genomics, bioenergy, and more have improved livelihoods for farmers and consumers alike. These programs are essential in driving public sector research and extension to support both discovery and dissemination of this valuable work.

Maintaining vibrant rural communities requires access to high-speed broadband internet, reliable rural utilities, accessible healthcare (including mental health services), and the ability to support new businesses and innovation. USDA efforts like the Value-Added Producer Grant Program and the National Organic Program help farmers diversify what they produce and access new markets. USDA's new and beginning farmer programs, as well as outreach and assistance for socially disadvantaged and veteran farmers, also help make sure the next generation is ready to tackle the challenges of the future.

Given the strong support for the work mentioned above and the economic realities facing many Americans, the Committee believes that the farm, rural, and nutrition priorities should be maintained and that no budget reductions are warranted in any part of our jurisdiction. The Committee on Agriculture is planning continued thorough oversight and monitoring of the implementation of the 2018 Farm Bill, as well as the continuing authorities of USDA and the Commodity Futures Trading Commission. Our goal is to ensure that the investments made in these programs and authorities yield results consistent with Congressional intent. The Agriculture Committee will also continue to gather new insight into how to improve programs and authorities, including ways to continue to invest taxpayer money wisely.

Sincerely,

Collin C. Peterson
Chairman

K. Michael Conaway
Ranking Member

CC: The Honorable Steve Womack, Ranking Member

COMMITTEE ON ARMED SERVICES
U.S. House of Representatives
Washington, DC 20515–6035
ONE HUNDRED SIXTEENTH CONGRESS

March 23, 2020

The Honorable John Yarmuth
Chairman, Committee on the Budget
U.S. House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives for the 116th Congress, I am forwarding to you the views of the Committee on Armed Services regarding the National Defense Budget Function (050) for fiscal year 2021.

As the Chairman of the Committee on Armed Services, I am committed to our Constitutional responsibility to provide for the national defense. I am encouraged that your committee shares that focus. In Fiscal Year 2021, the Committee on Armed Services will work within the guidance provided by the Balanced Budget Act of 2019 to ensure that the Armed Forces continue to improve in readiness and properly resource modernization, and the committee will conduct rigorous oversight of the Department's policies and activities. Of particular concern in this budget cycle are efforts to ensure the proper and effective execution of funds received in accordance with Congressional direction and intent.

The United States faces a wide array of strategic challenges. Consequently, the country regularly invests considerable sums in providing and maintaining a credible national defense. Enactment of the Bipartisan Budget Act of 2019 (the 2019 BBA) set appropriate discretionary spending levels for FY 2020 and 2021, including a large increase in defense spending. I believe that the 2019 BBA's total of $740.5 billion for the national defense budget function (050) combined across base and Overseas Contingency Operations (OCO) remains an appropriate level of funding in light of continuing national security challenges and ongoing efforts to remediate readiness and modernization shortfalls. Perhaps most importantly, the 2019 BBA provides fiscal predictability that greatly simplifies the authorization and appropriations processes. This predictability, and sustained and timely Congressional attention, have provided the Department with the resources and authorities needed to ensure the Department remains on a fragile but viable path to recovery.

Unfortunately, in the President's Budget Request for Fiscal Year 2021 we continue to deal with the legacy of past budgetary malpractice. The wholesale and explicit use of $16.0 billion in OCO funding to fulfill requirements unrelated to ongoing contingency operations highlights the degree to which OCO has morphed from its original purpose – addressing ongoing and emergent contingencies which could not be foreseen in the course of the normal budgeting process – to instead serve as an additional source of funding not subject to budget caps. This unfortunate consequence of decisions made subsequent to the passage of the Budget Control Act of 2011 (BCA) has needlessly complicated years of budgeting and oversight. It also leaves significant oversight challenges for the Committee on Armed Services and the Budget Committee to address as the era of BCA caps winds down and the Department and the Congress return, presumably, to more typical budget practices.

National security threats continue to evolve, and the constantly changing security environment must always be considered when formulating defense budgets. I support further increases in discretionary authority in future years, should the security environment so warrant. However, future growth in discretionary funding levels will necessarily depend on the existence of a budgetary environment that is conducive to such growth. In addition to allowing the graceful expiration of BCA caps, Congress must increase revenues, re-establish regular order in the appropriations process, dispel fiscal uncertainty, and empower economic performance to effectuate real growth in out-year funding levels.

Equally important to the adequacy of the funding for national defense is the predictability and stability of that funding. In addition to the harms inflicted by the BCA and sequestration, years of budgetary standoffs, threatened and actual shutdowns, overreliance on continuing resolutions, and wildly fluctuating future-year spending plans have combined to produce debilitating fiscal uncertainty, undermining the ability of the Department of Defense and other Federal Departments and Agencies to plan and execute funding for the actions that are expected by the American people. It also erodes the ability of the defense industrial base to meet requirements. It is important that the Congress take advantage of the certainty provided by the BBA to move efficiently through the appropriations and authorization processes, restore regular order, and reestablish fiscal stability in order to address the full spectrum of defense and nondefense-related needs and recover myriad efficiencies gained in a predictable budget environment.

Committee Legislative Activities

The primary legislative vehicle of the Committee on Armed Services is the National Defense Authorization Act (NDAA). The NDAA contains all the essential authorities required to sustain our military and is the chief mechanism through which Congress exercises its Article I, Section 8 responsibilities to raise and support armies and to provide and maintain a navy. The importance of this responsibility has ensured that this bill has been signed into law for 59 consecutive years. As this committee develops the NDAA for fiscal year 2021, it will continue its practice of conducting significant hearings, briefings, and roundtable discussions to examine the current security environment, to evaluate proposals for reform, and to assess the military requirements supporting a coherent strategy.

The vast sum invested in national defense makes it imperative that Congress conduct extensive oversight to ensure proper executive branch stewardship of the taxpayers' investment. In recent years, the NDAA has contained numerous efforts to reform the Department of Defense, in areas ranging from military retirement and compensation to acquisition. The committee will continue to review the defense enterprise and conduct oversight on the numerous reform efforts already underway, including the annual audit.

The committee will also conduct rigorous oversight over any abuses of the flexibilities that Congress has granted to the Department, such as transfer authorities and funds, for purposes other than as intended by Congress. Such mechanisms are indeed helpful to the management and operations of the Department of Defense, but they are not essential. The committee is deeply concerned by the recent actions of the Administration and the Department of Defense to maliciously exploit the flexibility in execution provided to the Department and, in effect, substitute its own judgment in place of enacted Congressional authorization and appropriations. The committee is strenuously opposed to abuse of these tools and will work as necessary, and in concert with the Committee on Appropriations, to protect Congressional prerogatives.

I appreciate the opportunity to express these views on behalf of the Committee on Armed Services. I look forward to working with you and the members of the Committee on the Budget to construct a budget plan that reflects our commitment to meeting emerging threats and securing our national defense.

Sincerely,

Adam Smith
Chairman

AS:msh

Cc: The Honorable Steve Womack, Ranking Member, Committee on the Budget

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6100
March 23, 2020

The Honorable John Yarmouth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, D.C. 20515

RE: Committee Budget Views and Estimates

Dear Chairman Yarmouth:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of Rule X of the Rules of the House of Representatives, attached please find the Budget Views and Estimates for Fiscal Year 2021 of the Committee on Education and Labor, together with Minority Views.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Enclosure

cc: The Honorable Steve Womack, Ranking Member, Committee on the Budget
The Honorable Virginia Foxx, Ranking Member, Committee on Education and Labor

[COMMITTEE PRINT]

116th CONGRESS

SUBMISSION OF BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2021 OF THE COMMITTEE ON EDUCATION AND LABOR

MR. SCOTT, from the Committee on Education and Labor, submitted to the Committee on the Budget the following.

116th CONGRESS

SUBMISSION OF BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2021 OF THE COMMITTEE ON EDUCATION AND LABOR

The Committee on Education and Labor (the Committee) provides the following Fiscal Year 2021 (FY21) Budget Views and Estimates pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of Rule X of the Rules of the House of Representatives. The Trump Administration's FY21 budget demonstrates its continued attempt to pay for its regressive 2017 tax cuts on the backs of America's students, workers, and families. Despite signing a bipartisan budget agreement to lift the spending cap on non-defense discretionary spending, the President is proposing deep cuts and wholesale elimination of dozens of programs that everyday Americans rely upon. The budget slashes investments in education, undermines working families' access to health care, and destroys critical supports for individuals with disabilities—all while doing nothing to create the good-paying jobs workers need. These slash-and-burn proposals contrast sharply with the agenda Committee Democrats have successfully advanced to invest in high-quality child-care and affordable higher education, boost workers' wages and enhance workplace safety, expand working families' access to affordable health care, improve child welfare and strengthen civil rights enforcement, and ensure workers can achieve a secure and dignified retirement. Importantly, these Views and Estimates do not reflect the emerging challenges presented by COVID-19; however, the public health crisis shines a bright light on the indefensibility of the Trump Administration's proposed cuts.

<u>Promoting Educational Opportunity</u>

The Committee recognizes that achieving educational equity for all students requires bold federal investments in education, from early education through higher education.

Early Childhood Education

An investment in our youngest children is an investment in the nation's economy. Providing children with high-quality care and education opportunities during the first five years of life can put them on a track to lifelong success. Yet today, far too few children have access to the quality programs that support strong, healthy development. It is the Committee's position that all children should have year-round access to the programs and services that can help them and their families flourish. This includes access to quality childcare for all children, Head Start for our country's most economically disadvantaged children, and quality public pre-Kindergarten for the nation's three- and four-year old children.

The impact of these early learning programs on young children will only be as strong as the quality of the services they provide; thus, Congress must ensure that efforts to broaden access to these programs also include supports for quality improvement. Providing quality, year-round services that fulfill families' needs will not only support children's strong and healthy development but will also allow many more parents to join the workforce and enable those parents already in the workforce to rely on stable, consistent care and education arrangements. The Committee will advance legislation that invests in the childcare system and expands access to quality public pre-Kindergarten so that all young children have access to quality programs and families are no longer overburdened by the cost of early care and education.

K-12 Education
The Trump Administration's FY21 budget proposes to eliminate bedrock K-12 education programs that fund public schools and replaces them with an inadequate block grant that would send less funding to schools. The proposed consolidation would cut public education by a total of $4.8 billion. This budget proposal would significantly undermine public education at a time when states are still struggling to reverse chronic underfunding in public education. Last year, Congress worked hard to increase investments in critical programs such as Title I, Part A and the *Individuals with Disabilities Education Act* (IDEA). To continue to build on these efforts, the Committee will advance legislation to increase investments to support a quality public education for every child, with a focus on programs authorized under the *Elementary and Secondary Education Act* (ESEA) and the IDEA. Such investments will facilitate effective implementation of the *Every Student Succeeds Act* (ESSA), the long overdue 2015 reauthorization of the ESEA, to support states and school districts in improving academic outcomes and closing persistent achievement gaps. Additionally, increased federal commitment to IDEA programs will ensure that all students with disabilities receive a free, appropriate public education in the least restrictive environment. For too long, Congress has failed to meet its obligation to disadvantaged children. Increased federal investment in these programs will strengthen communities and improve academic achievement, ensuring all students graduate from high school ready for college and career.

The Committee seeks significant federal investment in the physical and digital infrastructure of public schools across the country to ensure that all students and school staff learn and work in safe, welcoming, and well-resourced schools. Also, the Committee strongly recommends that public schools continue to be prioritized in federal infrastructure investment.

Higher Education
The Committee will pursue a comprehensive reauthorization of the *Higher Education Act* to ensure that every student has an opportunity to obtain a high-quality degree or credential that leads to a rewarding career. The Committee will work to make higher education more accessible by strengthening existing access programs, authorizing targeted programs that allow traditionally underrepresented students to enroll in college, and simplifying the financial aid application. Increasing access to two- and four-year degrees will also require providing multiple points of entry, such as high-quality certificates that provide transferable, lifelong skills and in-demand

technical skills, while also creating a structured path to a college degree. Postsecondary certificates supported by federal funds should serve as the foundation for further study, if the student chooses to continue her education.

The Committee will push legislation to make college more affordable by securing robust investments in the Pell Grant program, incentivizing states to reinvest in their public systems of higher education, and streamlining the student loan system to make it easier for students to repay their loans. To ensure more students finish college, the Committee will promote investment in programs and services – such as career counseling and campus-based child-care – that will help students graduate and put them on a path to success. Further, the Committee will increase funding for Historically Black Colleges and Universities and Minority-Serving Institutions to ensure students are supported at these institutions.

Career and Technical Education

The successful passage of the *Strengthening Career and Technical Education for the 21st Century Act* has led to a renewed excitement around career and technical education across the country. This Congress, the Committee will monitor the implementation of the new law, looking closely at the rigor and quality of the State plans and career and technical education activities. The Committee supports continued strong federal investment in career and technical education to engage students in lifelong learning and prepare them for college and career.

Expanding Access to High-Quality Workforce Development Activities

Apprenticeships

Registered apprenticeships (RAs) are America's most successful federally authorized workforce development program. According to the Department of Labor, 94 percent of people who complete RAs are employed upon completion, earning an average starting wage of more than $70,000 annually. The Committee will pursue a reauthorization of the *National Apprenticeship Act* to codify and streamline existing standards that are vital to support this important program while investing in expanded access to registered apprenticeship, youth apprenticeship, and pre-apprenticeship programs.

Workforce Innovation and Opportunity Act

The 2014 bipartisan *Workforce Innovation and Opportunity Act* (WIOA) has led to many workforce-development innovations across the country, while also leaving room for growth in key areas of bipartisan support, which the Committee will explore in an upcoming reauthorization. These areas include strengthening support for career pathways and lifelong learning, increasing navigation supports for workers and employers alike, expanding access to reentry programs that support justice-impacted individuals, and bolstering support for opportunity youth in summer and year-round employment.

Supporting Community Service Opportunities

The Committee strongly supports the service that thousands of Americans engage in on behalf of their communities, including through the Corporation for National and Community Service (CNCS). The Trump Administration's FY21 budget eliminates CNCS, which is the nation's leading grant provider for service and volunteering, administering AmeriCorps and Senior Corps. Nearly 400,000 Americans serving through AmeriCorps and Senior Corps each year invest more than 125 million hours of service to their communities at more than 50,000 locations across the nation. The widespread benefits of their participation far exceed its costs. For example, nearly 80 percent of AmeriCorps alumni say their service was a defining professional experience. Fifty-nine percent of hiring managers believe that AmeriCorps alumni have hard-to-find "soft skills," and more than 450 companies – including Disney, CSX, and Comcast – are prioritizing national service alumni in their hiring. Research has shown that AmeriCorps participation increases civic engagement, connection to communities other than one's own, and knowledge about problems facing the community. For these reasons, benefit-cost analysis of AmeriCorps shows up to a $2.51 return in public benefit for every dollar invested. For older participants who are not at the beginning of their careers, research finds that service work results in gains in health, self-esteem, life satisfaction, financial stability, and civic capital/resources.

Raising the Minimum Wage

American workers are more productive than ever, but they are not receiving their fair share of economic growth. Raising the minimum wage is one part of the Committee's commitment to ensure working families get a long-overdue raise.

No person working full-time in the richest nation on earth should be living in poverty, yet according to the Economic Policy Institute, 1 in 9 U.S. workers is paid wages that leave them in poverty, even when working full-time and year-round.[1] It has been more than a decade since the federal minimum wage was last increased, and there is no place in America today where a full-time worker earning $7.25 per hour can afford the essentials.

In July, the House passed the *Raise the Wage Act,* which will gradually raise the minimum wage to $15 by 2025. Sixty percent of the working poor in America would receive a pay increase if the minimum wage were raised to $15 by 2025.[2] By putting money in the pockets of 33 million hardworking Americans who will then spend that money in their local economies, this legislation will be good for workers, good for businesses, and good for the economy.

Protecting Workers' Lives: Workplace Safety and Health

The Committee will advance legislation to strengthen workplace safety and health protections by modernizing the nearly 50-year-old Occupational Safety and Health Act, requiring the Occupational Safety and Health Administration (OSHA) to issue more protective standards, and ensuring that vigorous action is taken to stem the rising rates of black lung disease. Due to frozen budgets for the past decade and a shrinking number of safety and health inspectors, OSHA only has sufficient resources to inspect each establishment in its jurisdiction once every 165 years. To better protect workplace safety, the Committee recommends substantial increases in the discretionary budgets for OSHA, the Mine Safety and Health Administration, and the National Institute for Occupational Safety and Health.

Protecting the Trust Fund that Provides Black Lung Benefits to Coal Miners and Survivors

[1] David Cooper, *One in nine U.S. workers are paid wages that can leave them in poverty, even when working full time*, The Economic Policy Institute (June 15, 2018), https://www.epi.org/publication/one-in-nine-u-s-workers-are-paid-wages-that-can-leave-them-in-poverty-even-when-working-full-time/.

[2] David Cooper, *Raising the federal minimum wage to $15 by 2025 would lift wages for over 33 million workers*, Economic Policy Institute (July 2019), https://www.epi.org/publication/minimum-wage-15-by-2025/.

Steps must be taken to ensure the solvency of the Black Lung Disability Trust Fund, which provides benefits for approximately two-thirds of disabled miners and their survivors. The trust fund is financed by an excise tax on coal sales. The current excise tax rate of $1.10 per ton for underground coal and $0.55 per ton for surface coal was restored on January 1, 2020 as part of P.L. 116-94, but this rate lasts only one year, and will drop by 55 percent on December 31, 2020 unless Congress acts. That higher tax rate had been in effect for more than three decades but was allowed to sunset on December 31, 2018. According to the Government Accountability Office, if Congress does not renew the excise tax rate, the outlays for benefits, administrative costs, and debt service will exceed excise tax revenues for each year for the next 30 years, and the deficit in the trust fund will grow from approximately $5 billion to $15 billion by the year 2050. This shortfall will have to be made up by U.S. taxpayers. The Committee strongly believes that the costs of black lung disease should be borne by the industry and those who purchase coal rather than shifted onto the shoulders of taxpayers.

Protecting and Improving Access to Health Coverage

The Committee is committed to building upon the historic achievements of the *Affordable Care Act* (ACA). Thanks to the ACA, an additional 20 million Americans now have health care coverage, workers and their families have access to preventive health care without cost-sharing, young adults can stay on their parents' policy until age 26, plans cannot impose lifetime or annual limits on coverage, and more than 130 million Americans with preexisting health conditions cannot be discriminated against by insurance companies. As the primary committee of jurisdiction regarding employer-sponsored health plans, the Committee is at the center of efforts to preserve the foundation of the ACA and take additional steps to further expand access to quality, affordable, comprehensive health coverage that is essential to the economic security of working Americans.

The Administration has tirelessly worked to undermine the law through recent rulemaking by the U.S. Departments of Labor, Treasury, and Health and Human Services. These actions have expanded the reach of association health plans and short-term, limited duration plans – plans that are not subject to fundamental consumer protections under the ACA – while limiting women's access to contraceptive care. In addition, as acknowledged in the Administration's FY21 budget, association health plans and multiple employer welfare arrangements (MEWAs) are rife with fraud and abuse that often force participants to foot the bill for unpaid claims. The Committee will continue to exercise its oversight authority over these rules and other actions that jeopardize access to affordable coverage for the American people, particularly those with preexisting conditions.

Promoting Retirement Security by Addressing the Multiemployer Pension Crisis

More than 100 multiemployer pension plans are headed toward insolvency and will soon be unable to pay out benefits owed to over 1 million retirees. Making matters worse, the Pension Benefit Guaranty Corporation (PBGC), which insures approximately 1,400 plans covering 10.8 million participants in multiemployer benefit plans, is rapidly running out of money to backstop plans.

If Congress fails to act, there will be catastrophic consequences for workers, retirees, and employers, as well as huge costs to the federal budget. In fact, the costs of inaction in terms of lost tax revenue and increased social safety-net spending is likely to dwarf the costs to taxpayers for any legislative solution.

That is why the Committee approved and the House passed legislation – H.R. 397, the *Rehabilitation for Multiemployer Pensions Act* (or the *Butch Lewis Act*) – to responsibly address this crisis. The bill, which passed in July 2019 with unanimous support of the House Democratic caucus as well as 29 Republicans, would provide federal loans and financial assistance to eligible failing pension plans to help the plans return to firmer financial footing without pension cuts.

In contrast, the Trump Administration's FY21 budget proposes a woefully inadequate solution to the crisis. The Administration's proposal does only the bare minimum, ensuring that the PBGC has the resources it needs to remain solvent in the years to come. In practice, this proposal does nothing to prevent plans from failing or protect retirees from having their pensions cut.

Shifting Toward Prevention in Child Welfare

The Committee recommends allocations or the inclusion of a deficit-neutral reserve fund in the budget resolution for FY21 to support and improve child welfare systems to provide support for the nation's most vulnerable children at a critical time in their young lives. Historically, child welfare efforts have largely focused on identifying and treating children who may have suffered abuse or neglect. Research shows that integrating a prevention science framework in child welfare work prevents child suffering and reduces the likelihood of negative outcomes. As the Administration's FY21 budget justification acknowledges, Congress must invest in and support families before child abuse and neglect occurs, particularly for families that experience multiple, complex needs, who are the most at risk of experiencing child abuse and neglect. Greater federal investment in child abuse and neglect prevention efforts may also serve to fight racial inequities within the child welfare system that unjustly hurt children and families of color.

Investing in the Health and Nutrition of Children and Families

The Committee recommends robust investment in child nutrition programs – the bulk of which receive mandatory funding – including the National School Lunch Program, the School Breakfast Program, and the Child and Adult Care Feeding Program, among others. In 2018, approximately 11.2 million American children lived in a food insecure household, meaning that their household did not have a consistent source of adequate nutritious food.[3] Moreover, most children in the U.S. do not follow recommended eating patterns set forth by the Dietary Guidelines for Americans, resulting in poor health and high health care costs.[4] Healthy food in schools for the approximately 30 million children who eat school meals every day can serve as a powerful tool to combat both.

The authorization for child nutrition programs as well as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) lapsed in 2015. Improvements made in the *Healthy, Hunger-Free Kids Act of 2010*, such as the Community Eligibility Provision (CEP), should be the basis on which Congress continues to strengthen federal nutrition programs. School environments play a key role in ensuring children have access to the nutrition they need

[3] U.S. Department of Agriculture, Economic Research Service, Household Food Security in the United States in 2018 9 (2019), https://www.ers.usda.gov/webdocs/publications/94849/err-270.pdf?v=963.1.

[4] U.S. Department of Health and Human Services & U.S. Department of Agriculture, Dietary Guidelines 2015-2020 Eighth Edition 38 (2015), https://health.gov/sites/default/files/2019-09/2015-2020_Dietary_Guidelines.pdf.

and develop healthy eating habits for a lifetime. The Committee supports robust funding for kitchen infrastructure to support schools in serving healthier meals, testing and replacement of school drinking water infrastructure to ensure water is lead-free and safe to drink, and nutrition education programs such as Team Nutrition.

The Committee also recognizes that the need for healthy food does not end when the school day or school year ends. The Summer Food Service Program, the Child and Adult Care Food Program, and the summer Electronic Benefit Transfer (EBT) program allow healthy food to reach children in other settings.

Maintaining the Health and Independence of Older Adults

The Committee urges robust funding for *Older Americans Act* (OAA) programs that support the health, independence, and dignity of older adults, and delay the need for costly institutional care. In 2019, the House passed the Committee's reauthorization of OAA, H.R. 4334, the *Dignity in Aging Act*, which authorizes a more than 35 percent funding increase for OAA programs over the course of the five-year reauthorization period.

Protecting Civil Rights

The Committee recommends that agencies charged with protecting civil rights, such as Departmental Offices for Civil Rights (OCR), the Equal Employment Opportunity Commission (EEOC), and Office of Federal Contract Compliance Programs (OFCCP), be adequately funded in order to perform their mandates to enforce anti-discrimination laws thoroughly and competently. The Committee also recommends that all entities that receive federal funds be prohibited from discriminating against program participants as a condition of receiving such funds.

The Committee strongly rejects the attacks on workers' and students' civil rights by the Trump Administration, which has threatened to veto the bipartisan Protecting Older Workers Against Discrimination Act (POWADA); cut or redirected funding in ways that undermine civil rights enforcement at the OFCCP, EEOC, and OCRs at the Department of Health and Human Services (HHS) and Education; allowed religious contractors to discriminate against employees using government funds; and redirected funding to private educational institutions which offer no civil rights protections for students, including those with disabilities. Further, the Administration has rolled back nondiscrimination provisions at HHS permitting federally funded entities to discriminate against foster parents on the basis of religion. The Committee will continue to take proactive steps to push back against these discriminatory actions through legislation and oversight.

BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2021
COMMITTEE ON EDUCATION AND LABOR
116th CONGRESS, SECOND SESSION
MARCH 23, 2020

MINORITY VIEWS

INTRODUCTION

In the 116th Congress, Committee Republicans are continuing to challenge the status quo in education and workforce policy, fighting for new ideas and innovation that can only be driven by individual Americans. Local control and input in educational opportunities at every level will remain vital to building stronger communities and, in future generations, an even stronger country. With seven million unfilled jobs in the American economy, Committee Republicans will ensure workforce development remains at the forefront of all education policy deliberations, striving to give American students, workers, and families the options they need to build the lives they want.

Committee Republicans once again affirm their commitment to American workers and job seekers by ensuring job creators have the flexibility and freedom they need to attract, retain, and reward employees. Strong, affordable and reliable healthcare options and retirement security are of vital importance to American workers of all ages and remain a top priority for Committee Republicans. Workplaces must remain safe and productive environments, and Committee Republicans will continue to advocate for responsible, forward-looking policies that will keep the American workforce the strongest and most prosperous in the world for future generations.

In times of economic growth as well as in times of crisis, Congress should always work to ensure that the federal government meets its obligations to the American people. Committee Republicans stand ready to advance policies that will help Americans who are suffering from the health and economic consequences of the coronavirus. While additional resources, coupled with increased flexibility, will help those most in need, we should avoid policies that will saddle our workers and employers with increased costs or regulatory burdens.

Committee Republicans respectfully offer the following recommendations for consideration by the Committee on the Budget (Budget Committee) as it prepares its FY 2021 Budget Resolution.

EDUCATION PRIORITIES

With more than 7 million unfilled jobs and more than $1.6 trillion in student loan debt, it is clear our postsecondary education system is failing America’s students. They are the reason Committee Republicans believe we should be pursuing a reform agenda that gives students’ access to an affordable postsecondary education that will prepare them to enter the workforce with the skills they need for lifelong success.

Following its record of success in empowering parents and local leaders to ensure K-12 education serves the needs of communities, Committee Republicans believe we must work to change the way Americans view and pursue postsecondary education options. Improving access, completion, and innovation to promote better awareness of options for skills-based education, as well as earn-and-learn opportunities, are the principles that should guide the Committee's legislative and oversight work.

Responding to COVID-19

It is particularly important for us to support those who are being hit the hardest by the Coronavirus pandemic. Within the education and human services arena, this means addressing the needs of our nation's children, families, and seniors. COVID-19 is having significant impacts on America's public and private elementary and secondary schools. As circumstances unfold, we should engage with stakeholders to ensure that federal responses truly address problems, rather than unrelated policy objectives. We must take necessary steps to ensure state, local, and private education officials can use existing federal funding to meet current challenges, while also ensuring that any new resources provided are sufficiently flexible to address needs identified in states and communities. Additionally, ensuring students and families have access to nutritious meals in a time of crisis is a top priority. As our nation faces this pandemic, it is critical we work together to ensure USDA has the authority and funds needed to help students and families get the meals they need whether it be through the school meal programs, the Child and Adult Care Food program, or through the Special Supplemental Nutrition Program for Women, Infants and Children program. Health outbreaks also present significant challenges to institutions of higher education and the communities they serve. The uniquely close quarters of college residence halls, dining rooms, and classrooms allow germs to spread rapidly. The federal government should provide institutions with the tools they need to keep students healthy, which may include targeting funds to programs that provide institutions with flexibility in how best to spend the money. Finally, it is particularly important for us to support those who are most vulnerable to the effects of this pandemic – our nation's seniors. Under normal circumstances, many of the programs under the *Older Americans Act* are targeted to help seniors avoid social isolation. As increased social distancing becomes necessary, we must shift our attention to ensuring that older individuals are able to access services at home, specifically through additional funding for nutrition programs. In all these areas, Committee Republicans urge the Budget Committee to consider the needs of these vulnerable and impacted populations while also ensuring additional funds are addressing the needs identified by the organizations on the ground in all our communities.

Expanding College Access and Promoting College Affordability and Completion

For over 50 years, the federal government has supported students' abilities to select the colleges or universities that best suit their postsecondary education needs. The diversity of educational programs offered by the more than 6,000 higher education institutions participating in federal student aid programs is vital to the strength of our nation's economy.

Higher Education Reform

Higher education is not serving America's college students. Excessive tuition hikes have made college increasingly unaffordable. Tuition and fees at institutions are rising over 3 percentage points beyond inflation and have for decades.[1] If the cost of a new car had risen as fast as tuition over the last three decades, the average new vehicle today would cost more than $80,000.[2] Over 80 percent of parents say four-year schools charge too much, and about 50 percent of parents think four-year schools are inaccessible to middle-class Americans.[3]

At the same time, completion rates are low and stagnating. Colleges enroll but do not graduate students, and non-completers struggle to repay their student loans. The four-year completion rate for a baccalaureate degree for the 2011 starting cohort is 41.6 percent.[4] Each additional year of school in a public baccalaureate degree-granting college will cost a student $22,826 on average.[5] The total cost of not graduating on time exceeds $60,000 per year when factoring in lost wages.[6]

A postsecondary education system that does not prepare students for careers has real consequences for employers and society. Just 13 percent of the country believes college graduates are well prepared for success in the workplace.[7] This disconnect between skills education and workforce development is a contributing factor to the over 7 million unfilled jobs available today.

There are ways to reverse these damaging trends, and Republicans have proposed solutions to reform higher education.[8] Overall, Committee Republicans urge the Budget Committee to be aware of the role the federal government plays in ever-increasing college costs and ensure the budget will not put postsecondary education out of reach for aspiring Americans. Additionally, the Budget Committee should be aware of the widespread college completion failure and support proposals that will help address the disconnect between institutions and employers to better prepare students for career success. These things can be done by focusing on the following three touchstones for postsecondary education reform: strengthening innovation and completion; modernizing student aid; and promoting student opportunities. These touchstones will help Americans develop the skills they need to enter the workforce.

Strengthening Innovation and Completion

Congress can support innovation and focus on completion by reversing archaic federal rules that stop schools from leveraging technology and using creative learning models. The federal government can clear the way for new providers of higher education by repealing antiquated and rigid definitions in statute. Congress should create a clear pathway for competency-based education, which rewards students for mastery of subject matter instead of time spent in a classroom. Reforms to accreditation can inject needed flexibility in higher education so the

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[1] https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_0.pdf
[2] https://www.nytimes.com/2015/04/05/opinion/sunday/the-real-reason-college-tuition-costs-so-much.html
[3] https://static01.nytimes.com/files/2018/op-ed/0319poll.pdf
[4] https://nces.ed.gov/programs/digest/d18/tables/dt18_326.10.asp?current=yes
[5] https://completecollege.org/article/new-report-4-year-degrees-now-a-myth-in-american-higher-education/
[6] *Id.*
[7] http://news.gallup.com/opinion/gallup/182867/america-no-confidence-vote-college-grads-work-readiness.aspx
[8] https://republicans-edlabor.house.gov/uploadedfiles/rsub_01_xml_-_final.pdf

sector can meet students where they are at in their lives. Committee Republicans believe the federal government should streamline higher education data collection requirements to reduce confusion for students and curb compliance costs for institutions. This effort can and should be done by harnessing cutting edge technology rather than harming students' privacy by repealing the student unit record ban. The budget, by further aligning programmatic incentives to student outcomes, can change the paradigm of higher education so that more students earn their postsecondary credential on time.

Modernizing Federal Student Aid

The federal government's decades long pursuit to make college affordable for all Americans has given rise to a convoluted maze of federal student aid programs. With the five loans, numerous grants, nine repayment plans, and 32 different deferment and forbearance options found in current law, many students—particularly first-generation and low-income students—are bogged down by the complexity of the current system, which ultimately deters them from accessing student aid that will make college an affordable reality. Reforms put forward by Committee Republicans this Congress should serve as the guiding beacon for the second session of the 116th Congress. Specifically, the federal government should simplify the Free Application for Federal Student Aid, eliminate hidden penalties on borrowers, and streamline repayment and forgiveness options into an income-based repayment plan where every borrower can have his or her loan balance capped at the principal balance plus 10 years' worth of interest. Students would be better served if Congress bolstered financial counseling requirements, provided institutions authority to categorically lower loan limits, and disbursed aid more like a paycheck.

Additionally, the Pell Grant program is the cornerstone of federal student aid for low-income students and the single largest source of postsecondary student aid, providing aid to approximately 6.9 million students in academic year 2019-20.[9] Committee Republicans recognize the important role this program plays in providing access to postsecondary education for low-income students, but the program is not meeting the needs of today's college students. Students between the ages of 17-21, who attend a four-year college, and live on campus, comprise a mere 15 percent of undergraduate students.[10] Federal student aid programs need to be more flexible to meet the needs of the 85 percent of students who may be older, working full-time, and have children of their own while enrolled in postsecondary education. Innovations such as allowing Pell Grants to be used at shorter-term programs, competency-based education, and integrating work experience with classroom instruction can help meet the needs of contemporary students.

Pell Grant program costs are on the rise, in part, because the majority of full-time students do not graduate on time. Today, the traditional "four-year" degree is more often a five- or even six-year degree for a majority of students. This means that rather than completing on time using only four years' worth of a Pell Grant, Pell-eligible students are using the grant for a fifth and sixth year of undergraduate education, which costs federal taxpayers approximately an additional $6,200 per student eligible for the maximum award per year.

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[9] https://www2.ed.gov/about/overview/budget/budget19/justifications/o-sfa.pdf
[10] https://pnpi.org/post-traditional-students/

Committee Republicans urge the Budget Committee to support reforms that will simplify the complex maze of federal financial aid programs, update the Pell Grant and federal student loan programs for the needs of today's college students while also putting those programs on a path to long-term fiscal stability. These reforms will ensure the programs are able to continue helping millions of low-income students pursue the dream of a postsecondary education.

Promoting Student Opportunities

It is time to develop a postsecondary education system designed beginning to end with students in mind. For example, the federal government can better inform prospective students about their financial aid options. Preventing the use of institutional aid grants for dual enrollment purposes is limiting student potential and increasing college costs. Additionally, the federal government spends over a billion dollars annually on college access programs. Committee Republicans' proposal to evaluate college access programs can help serve students better by measuring when college access program providers are effective.

More can also be done when students are enrolled to strengthen their educational pathways. For instance, Committee Republicans strongly urge the Budget Committee to support efforts to reconsider federal requirements that are stifling interaction between off-campus employers and college campuses. The federal government can strengthen this relationship so institutions can provide their students the opportunity to develop the skills necessary to succeed in the workforce. Committee Republicans encourage consideration of proposals to expand employer participation in postsecondary education such as Workforce Pell, earn-and-learn opportunities, and the federal work-study program. Such reforms will set the next generation up for lifelong success.

Assessing the True Taxpayer Costs of Student Loans

Committee Republicans believe budget gimmicks have masked the true cost of federal student loan programs for decades. The Congressional Budget Office (CBO) recommends moving from budgetary estimate constructs under the *Federal Credit Reform Act of 1990* (FCRA) to fair-value scoring to more accurately account for the cost of federal credit programs.[11] Fair-value scoring incorporates market risk, providing a more accurate and fiscally responsible way to account for liabilities hardworking taxpayers face through programs like the Federal Direct Loan program.

CBO's April 2018 baseline for the student loan program also compares the estimated budgetary costs of all the student loan programs under the FCRA to fair-value scoring. On an FCRA basis, four out of the five Direct Loan programs would yield *savings* and subsidized Stafford loans to undergraduates would be a cost to the government. Yet, on a fair-value basis, four out of the five Direct Loan programs would be a *cost* and parent PLUS loans would still produce savings under fair-value scoring. This difference between FCRA and fair-value illustrates the importance of using the accounting method that factors in market risk. The May 2019 baseline shows that over the next 10 years, the federal government will lose money lending to students regardless of

[11] Should Fair-Value Accounting Be Used to Measure the Cost of Federal Credit Programs?, Congressional Budget Office, March 25, 2012.

which accounting method is used.[12] FCRA estimates suggest a loss of $31 billion over 10 years while the fair-value estimate shows losses exceeding $306 billion over 10 years. Enabling the Committee to utilize a more accurate estimate of the federal government's costs associated with the student loan programs will ensure reforms of the law make sense for students, families, and taxpayers. Committee Republicans call on both chambers of Congress to use the more accurate fair-value estimate for assessing student loan programs.

Enhancing Career and Technical Education

The Bureau of Labor Statistics recently reported more than 1.4 million Americans between the ages of 16 and 24 are looking for jobs.[13] Meanwhile, industries critical to our economy have jobs to fill and not enough qualified applicants to fill them. Committee Republicans believe full implementation of the *Strengthening Career and Technical Education for the 21st Century Act*, signed into law in July 2018, will be critical to help solve the skills gap. The law, which went into effect on July 1, 2019, empowers state and local community leaders, improves program alignment with in-demand jobs, increases transparency and accountability, and ensures a limited federal role. Committee Republicans applaud the Trump administration's commitment to advancing skills-based education and we urge the Committee on Budget to follow the administration's lead.

Promoting State and Local Education Reform

Implementing the Every Student Succeeds Act

Across the country, state and local leaders are promoting innovative solutions to raise achievement and foster school and teacher accountability to ensure students have the knowledge and skills they need to graduate high school and succeed in life. That is why House Republicans led the effort to replace the *No Child Left Behind Act*. The *Every Student Succeeds Act* (ESSA), signed into law in December 2015, reforms K-12 education to reduce the federal role, restore local control, and empower parents. Committee Republicans applaud the current administration for its continued commitment to implement ESSA. With states actively moving forward on implementation, Committee Republicans are eager to see the law's reforms take root.

Most importantly, the law includes responsible funding authorizations for elementary and secondary education programs. The law focuses the federal role in education on supporting long-standing efforts designed to improve student achievement and teacher effectiveness. The law consolidated several previously authorized programs into the Student Support and Academic Enrichment Grants (SSAEG) program and other broad funding streams. In particular, the SSAEG is a flexible grant program that provides states and school districts more authority in how taxpayer dollars are spent. The program includes a wide range of activities that school districts may use this funding to cover, including mental health services for students, professional development for school personnel in crisis management, and school-based violence prevention strategies, advanced coursework, and technology.

[12] https://www.cbo.gov/system/files/2019-05/51310-2019-05-studentloan.pdf
[13] https://www.bls.gov/news.release/youth.nr0.htm

The Trump administration budget proposes further consolidation and further state and local control over federal education dollars. School districts know best the needs of their communities, and resource flexibility is critical to meeting the needs of students and keeping communities safe. Committee Republicans urge the Budget Committee to incorporate into the FY 2021 Budget Resolution the important reforms made by ESSA.

Committee Republicans also urge the Budget Committee to resist calls from Democrats to return to the failed policies of the past. Democrats have already shown they intend to spend more money, put more control back in the hands of bureaucrats in Washington, and ignore the commitments we have already made. Committee Republicans believe true education reform must come from the bottom up, and we will pursue policy objectives that empower parents, teachers, and local communities.

Supporting Parental Choice, Including the Successful D.C. Opportunity Scholarship Program

Committee Republicans continue to support expanded school choice options that allow parents to select the best school for their children. The D.C. Opportunity Scholarship program, created more than a decade ago, has allowed thousands of students in the District of Columbia to attend private schools of their choice. If not for this critical program, then almost all the students who receive these scholarships (1,732 students as of fall 2019) would otherwise be forced to attend some of the District of Columbia's lowest-performing schools. The program was reauthorized for three years as part of H.R. 1865, the *Further Consolidated Appropriations Act, 2020*. Committee Republicans urge the Budget Committee to support funding for the D.C. Opportunity Scholarship program to help families in the District of Columbia access high-quality education options for their children. The Committee looks forward to working with the Committee on Oversight and Reform to ensure the law is implemented with fidelity to protect students' access to educational options that meet their needs.

In addition, Committee Republicans are eager to work with the Trump administration to give parents more freedom to make the right educational choices for their children through the *Education Freedom Scholarships and Opportunity Act*. This bill, introduced last year in the House of Representatives by Rep. Bradley Byrne (R-AL) as H.R. 1434, would empower states to create or grow programs that will expand educational options for children.

Making Special Education a Priority

In 1975, Congress passed the *Individuals with Disabilities Education Act* (IDEA) in part to help states with the cost of educating students with disabilities. Congress has covered up to 18 percent of the national average per-pupil expenditure in the past. However, the percentage has decreased in recent years.

Committee Republicans recognize current budgetary constraints require tough choices in the funding of education programs. However, the failure to appropriately fund IDEA only exacerbates ongoing budget challenges at the state and local levels. Funds that could support important state and local priorities are instead used to fill the gap in special education funding.

Some argue converting IDEA funding into yet another mandatory spending program is the answer. However, with the nation's debt being driven by explosive growth in entitlement spending, now is not the time to add to the burden facing future generations. Additionally, entitlement programs are difficult to improve and reform, meaning converting IDEA into an entitlement program would make it nearly impossible for parents, educators, and policymakers to update the law to ensure it is continually meeting the needs of students, families, and communities.

Improving Early Childhood Care and Education Programs

Since 1935, the federal government has funded early childhood care and education programs to promote the healthy development of vulnerable children, as well as help parents participate in the workforce or further their education. Early childhood environments, whether at home or in an outside care arrangement, play an important role in the healthy growth of children. Since the "War on Poverty," the number of federal programs providing support services to young children has exploded to 44 separate programs as of 2017.[14] Simultaneously, states have become increasingly involved and are leading the way when it comes to addressing the needs of families and local communities. In 1980, just four states offered early education programs,[15] compared to 44 states and the District of Columbia that operate early education programs today. The Government Accountability Office (GAO) found that states identified over 86 early childhood education or child care programs that rely on multiple funding sources, and the majority of these programs received federal funds.[16] Recognizing the fiscal challenges facing the country and the needs of low-income families, policymakers have a responsibility to examine and reform or eliminate existing programs before creating new ones.

Child Care and Development Block Grant

Created in 1990, the *Child Care and Development Block Grant* (CCDBG) is the primary federal funding stream that provides financial assistance to pay for child care for low-income, working families with children under age 13. In 1996, as part of the *Personal Responsibility and Work Opportunity Reconciliation Act*, commonly known as "welfare reform," CCDBG was consolidated with other federal child care programs and funding was increased to serve both low-income, working families and families attempting to transition off welfare through work. The program has dual goals of promoting families' economic self-sufficiency by making child care more affordable and fostering healthy child development by improving the quality of child care.

The *Child Care and Development Block Grant Act of 2014* was signed into law on November 19, 2014, reauthorizing CCDBG for the first time since 1996. The reauthorization updates and streamlines services, improves safety for children, and increases transparency to make it easier for providers and parents to understand their options.

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[14] Agencies Have Helped Address Fragmentation and Overlap through Improved Coordination, GAO-17-463, U.S. Government Accountability Office, July, 2017.

[15] Cascio, Elizabeth, and Diane Whitmore Schanzenbach, Promoting Early Childhood Development, Proposal 1: Expanding Preschool Access for Disadvantaged Children, The Hamilton Project, June 19, 2014.

[16] https://www.gao.gov/products/GAO-19-375

In general, Committee Republicans look forward to strengthening this essential support for working parents who are looking to move their families out of the welfare system. We look forward to working with the Trump administration to maintain the program's voucher-based approach, continue state flexibility, and focus on working parents.

The *Bipartisan Budget Act of 2018* included an agreement to increase discretionary spending for CCDBG by $2.9 billion per year in both FY 2018 and FY 2019, for a total of $5.8 billion—effectively doubling discretionary funding for the program. Committee Republicans have heard concerns from some in the field about the capacity of the system to receive the influx of children, as well as what might happen when the increased federal funding runs out. The funding could help more working families have access to child care, but it could also have unintended consequences if the funding is not targeted responsibly. GAO released a report in February 2019 indicating that most states plan to use the funds to provide professional development for the child care workforce and increase provider payment rates, in a few instances specifically for serving families with non-traditional working hours. Committee Republicans urge the Budget Committee to review how FYs 2018 and 2019 funds were spent. We believe that CCDBG funds should continue to support full implementation of the 2014 reauthorization but should not simply be extended to increase access without first ensuring lasting improvements to make available high-quality care for children in need.

Preschool Development Grants

The preschool development grant program (PDG) was authorized in ESSA at $250 million. The program was included as a stand-alone authorization that tasked the Department of Health and Human Services (HHS) with implementation, in consultation with the Department of Education. The program is intended to address existing duplication and fragmentation; promote an integrated mixed delivery system among local agencies, private and public organizations, and faith-based providers; and provide governors discretion to determine grant recipients in their states rather than the federal government steering funds only to state departments of education. With the reformed PDG program, Congress recognizes the leading role of state and local leaders in delivering high-quality early childhood education. In FY 2020 the program received $275 million. Forty-six states received awards under this revamped PDG framework in the first year of funding. In the following year, 26 states and territories were awarded either implementation or planning grants. As long as this program receives funding, Committee Republicans support an emphasis being placed on supporting state efforts for better coordination among all early education and child care programs.

Head Start

In FY 2020 Head Start was funded at $10.6 billion. HHS provides Head Start grants directly to organizations, school districts, and other community-based entities to promote school readiness in low-income children from birth to age five. Unfortunately, not all Head Start programs provide lasting gains. A 2010 Head Start Impact Study conducted by HHS showed the program had little to no success improving children's cognitive, social-emotional, or "health measures," as well as little to no success improving parenting practices.[17] The study also showed any

[17] https://www.acf.hhs.gov/sites/default/files/opre/hs_impact_study_final.pdf

benefits that may have accrued while a child participated in the program had dissipated by the time the child reached first grade.[18] A follow-up to the Impact Study released in December 2012 found similar results— the few gains were seldom present by the end of third grade.[19] In October 2019, GAO released a report that found substantial fraud risks in the program and found that the Office of Head Start at HHS had neither conducted a comprehensive risk assessment nor provided timely grantee monitoring.[20] This demonstrates a concerning lack of progress after past reports have raised similar issues and makes clear the need for program reform.

Committed to meeting the needs of vulnerable children and families while also balancing the interests of taxpayers, Committee Republicans believe Congress must eliminate the fraud risks in the program; reduce unnecessary regulatory burdens, encourage local innovation, strengthen coordination between Head Start and other early education programs at the state and local levels; improve the quality of eligible providers; and enhance parental engagement to support their children's best interests. Committee Republicans urge the Budget Committee to allow the Committee flexibility to reform Head Start as needed to support working families and children in need.

Ensuring High-Quality Child Nutrition

Programs under the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act* are designed to combat hunger and poor nutrition among low-income children and families. According to the Congressional Research Service, federally-supported nutrition programs reach about 30 million children daily.[21] In 2010, Congress passed the *Healthy, Hunger-Free Kids Act*, which empowered the federal government to micromanage school lunches, breakfasts, suppers, snacks, and other food sold on school campuses.

Committee Republicans believe the regulations implemented and enacted under the Obama administration are overly burdensome and costly for states and schools. GAO released a report in 2014 that highlighted the challenges elementary and secondary schools face implementing the new regulations.[22] The report found that student participation in the programs decreased and that departmental guidance was confusing and too voluminous for schools to follow. The Department of Agriculture (USDA) acknowledged and implemented additional flexibility in certain areas and has recently proposed new rules that will provide additional flexibility that will maintain healthy meals while eliminating food waste and reducing compliance costs. Committee Republicans believe we should work with the Trump administration to reauthorize the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act*. In particular, Committee Republicans believe those reforms should make the program easier to operate and less expensive, meaning the programs need to be allowed to serve healthy foods students will want to eat. Committee Republicans believe Congress should work with USDA to ensure taxpayer resources are used effectively, while providing support to children most in need. Further, Committee Republicans urge the Budget Committee to provide us flexibility to reauthorize the child nutrition laws in a budget neutral manner.

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[18] Ibid.
[19] https://www.acf.hhs.gov/sites/default/files/opre/head_start_report.pdf
[20] https://www.gao.gov/reports/GAO-19-519/
[21] http://www.crs.gov/Reports/IF10266?source=search&guid=cf8626798ea042c5b0108e3bab52f9ab&index=0
[22] https://www.gao.gov/products/GAO-14-104

WORKFORCE PRIORITIES

The Committee is on the frontline of many issues facing workers and job creators. Whether the issues relate to health care, worker protections, workplace democracy, retirement security, workforce development, or employee wages and benefits—it is the Committee's responsibility to ensure federal policies are in the best interests of workers, employers, and taxpayers.

The Trump administration continues to undo the radical, unnecessary, and burdensome regulations implemented under the Obama administration and is advancing new and innovative regulatory policies that recognize individual opportunity, innovation, and economic growth are what lead to real progress and prosperity for American workers. Committee Republicans will continue to stand with workers and job creators to promote individual freedom and pro-growth economic policies.

Responding to COVID-19

As Congress continues working to address the unparalleled coronavirus crisis, the Committee should avoid proposals that will increase costs and regulatory burdens on workers and employers, especially small businesses. Moving forward, the Committee should prioritize efforts to reduce and suspend related regulations which are preventing business owners from addressing effectively near-term problems such as cash-flow and liquidity created by the unprecedented economic and social environment which in many cases threatens their economic survival. The Committee should also recognize the severe challenges facing the sharing economy in the current crisis. We should take action to ensure that companies are able, where possible, to provide benefits and protections to independent contractors without triggering an employment relationship.

Protecting Employee Freedom and Promoting Union Accountability

Committee Republicans remain deeply concerned with ongoing efforts by congressional Democrats and organized labor to undermine employees' freedom of choice in the workplace. At a time when deregulation and free-market innovation are driving job growth and higher wages, Democrats are focused on depriving individual liberty at the expense of increasing the coercive power of labor unions, which represent less than 7 percent of all private sector workers in the United States. Workers in the United States should be allowed to decide for themselves—free from intimidation and harassment—whether joining a union is right for them.

Committee Republicans are encouraged by the efforts of the Trump administration to create a regulatory environment that benefits employers and workers alike. Committee Republicans support the National Labor Relations Board's (NLRB) rule updating the joint-employer standard to require substantial direct and immediate control over essential terms and conditions of employment in order to prove joint-employer status. Committee Republicans look forward to future Board actions reforming the union election process and other workplace labor rules under the *National Labor Relations Act* (NLRA). In addition, Committee Republicans support the Department of Labor's (DOL) Office of Labor-Management Standards initiative to improve union transparency and accountability. DOL is restoring important rules pursued by the George W. Bush administration, such as reestablishing Form T-1, as well as expanding the scope of the *Labor-Management Reporting and Disclosure Act* to include intermediate bodies and so-called "worker center" labor organizations.

Retirement Security for Workers and Their Families

Committee Republicans remain dedicated to the goal of enhancing retirement security for all Americans, with a focus on employer-sponsored defined benefits and defined contribution pension plans. The Committee should work to ensure pension security for all Americans by expanding coverage for a greater number of workers, creating flexibility in the voluntary private pension system, and encouraging adequate funding in order to meet workers' retirement needs. Committee Republicans are pleased with the bipartisan passage of the *SECURE Act* at the end of 2019, including its provisions assisting small businesses looking to provide retirement savings for workers and families. Committee Republicans are further encouraged by DOL's efforts to modernize the retirement savings' regulatory scheme and reduce costs associated with sponsoring a retirement plan.

The fiscal health of defined benefit pension plans and the stability of the Pension Benefit Guaranty Corporation (PBGC) remain a consistent focus for Committee Republicans. Unfortunately, Committee Democrats abandoned bipartisanship and pushed H.R. 397 through the Committee without Republican input and refusing to consider Republican amendments. H.R. 397 proposes a taxpayer bailout of privately negotiated pension plans that fails to address the system's underlying problems that led to the current crisis. The Committee should seek bipartisan solutions that strengthen the pension safety net and safeguard the retirement security of American workers and retirees. These solutions should also protect taxpayers and be fiscally responsible forward-looking reforms to the multiemployer pension plan system, including enacting important structural and operational reforms to ensure the future solvency of multiemployer pension plans.

Committee Republicans will continue to work to preserve and improve the private pension system, while opposing proposals that seek to replace that system with one run by the federal government and propped up by taxpayers.

Improving Health Care Affordability, Quality, and Access

Committee Republicans remain dedicated to the goal of making health insurance more affordable for all Americans. Committee Republicans are deeply concerned about the rising costs of health care premiums for the approximately 159 million workers and their families who receive their health insurance through their employer.

Private health care insurance is largely regulated through the *Employee Retirement Income Security Act* (ERISA), which provides minimum standards for health plans and preempts individual state legislative health care insurance mandates. For almost 40 years, the current ERISA structure has permitted employers, on a voluntary and nationwide basis, to design high quality, affordable and uniform health care plans that are uniquely tailored to the needs of their workers and families across the country.

The vast majority of employees enjoy their health care benefits and many employers want to continue to play a role in providing such benefits; however, any erosion or elimination of ERISA, including current proposals to expand Medicare through a government takeover of private markets, would force employers to drop coverage, resulting in massive disruptions in coverage, higher costs, more uninsured individuals, and increased burdens on the country's health care system. The Committee should support the current employer-sponsored system, including DOL's final rule on Association Health Plans (AHPs), which allows small businesses to pool resources and provide more individuals with access to quality, lower-cost health care.

Health Care and Prescription Drug Costs

Health care costs, especially the rising cost of prescription drugs, continue to pose a major concern for workers and families. Although they have moderated somewhat in recent years, these costs continue to increase at unsustainable rates. Rising costs continue to force both employers and employees to shoulder greater financial burdens. Unfortunately, instead of taking up bipartisan legislation that will promote innovation and protect access to cures, Speaker Pelosi chose to pursue a partisan messaging bill, H.R. 3, which should be called the *Fewer Cures and More Government Price Control Act.* H.R. 3 would expand government control over health care, restrict access to life-saving treatments, and impose up to a 95 percent excise tax on drug manufacturers that refuse to "negotiate." Committee Republicans are proud to support H.R. 19, the *Lower Costs, More Cures Act*, which includes bipartisan, bicameral proposals to lower drug prices that can actually be signed into law.

Surprise Billing

Surprise billing, sometimes referred to as balance billing, occurs when patients receive care from providers that are not included in their insurance network. The out-of-network provider bills the patient's insurance for a larger amount than the insurance will cover. After receiving the insurance amount, these providers then send the patient a separate bill for the remaining balance. This balance is not limited by any cost-sharing, such as co-pays or deductibles, and can range from small amounts to many thousands of dollars, which is often unexpected by the patient.

Surprise medical bills cause significant financial hardship and distress to workers and families who were unprepared to pay for a medical expense they believed would be handled by their insurance. On February 7, 2020, Committee on Education and Labor Chairman Bobby Scott (D-VA) and Ranking Member Virginia Foxx (R-NC) introduced H.R. 5800, the *Ban Surprise Billing Act*, which would protect patients from surprise medical bills and increase cost transparency. The Committee marked up H.R. 5800 on February 11, 2020, and the bill was favorably reported by a vote of 32-13. Committee Republicans will continue to work with Committee Democrats and other committees of jurisdiction to promote a fair solution that protects patients from surprise bills, including the 110 million workers covered by self-insured employer-sponsored health care plans.

Association Health Plans

In the 115th Congress, Reps. Sam Johnson (R-TX) and Tim Walberg (R-MI) introduced H.R. 1101, the *Small Business Health Fairness Act of 2017*, to allow small businesses to band together through AHP and negotiate for lower health insurance costs. In March 2017, the Committee approved, and the House passed H.R. 1101 with bipartisan support.

In October 2017, President Trump issued Executive Order (EO) 13813, "Promoting Healthcare Choice and Competition Across the United States." The EO directed DOL and the Departments of Health and Human Services and Treasury to issue additional regulations that would expand access to AHPs, short-term limited duration insurance plans (STLDI), and health reimbursement arrangements (HRA). In January 2018, DOL released a Notice of Proposed Rulemaking (NPRM) implementing the health care EO. The Committee submitted formal comments on the proposed rule in support of expanding access to AHPs as a longstanding Committee priority, and held a March 20, 2018 Subcommittee on Health, Employment, Labor, and Pensions hearing on "Expanding Affordable Health Care Options: Examining DOL's Proposed Rule on Association Health Plans."

The AHP final rule was published in the Federal Register on June 21, 2018. It allows three additional types of groups to form AHPs: employers in the same industry anywhere in the country; employers in any industry in the same state and/or metro area; or new employer organizations formed solely for the purpose of providing health care. In addition, self-employed sole proprietors will be eligible to participate as "employers" for purposes of participating in an employer group or association sponsoring a health plan. The final rule is going into effect in three stages: September 1, 2018 for fully-insured plans; January 1, 2019 for self-insured plans sponsored by an existing association; and April 1, 2019 for self-insured plans sponsored by a new association. While this rule has been the subject of litigation, on April 12, 2019, Rep. Walberg, Ranking Member Foxx, and Rep. Michael Burgess (R-TX) introduced H.R. 2294, the *Association Health Plans Act of 2019*, which codifies DOL's final rule. The Committee should markup H.R. 2294, which would ensure that small businesses can continue to access high-quality health plans for their employees through AHPS.

"Medicare-for-All"

The Committee should carefully consider the impact of efforts to enact radical and disruptive proposals, such as Medicare-for-All, on employer-sponsored health care coverage, and reject efforts to undermine the federal ERISA system or move towards a one-size-fits-all single payer system. Proposals such as this, which are supported by many Democrat Committee Members, undermine freedom and market choices, destroy the ability of private health plans to provide individuals with innovative, flexible, high-quality, cost-effective coverage, and increase unsustainable government spending by over $32 trillion. Expansion of a federally run single payer system would end private health insurance as we know it and make it impossible to develop workable solutions to reduce growing health care costs.

Access to Equal Employment Opportunity

The Committee has a duty to ensure all workers have equal opportunity in employment. This work includes the Committee's examination of the Equal Employment Opportunity Commission's (EEOC) implementation and enforcement of Title VII of the *Civil Rights Act of 1964*, the *Equal Pay Act of 1963*, the *Age Discrimination in Employment Act of 1967*, Title I of the *Americans with Disabilities Act of 1990*, and the *Genetic Information Nondiscrimination Act of 2008*. Committee Republicans are encouraged by the Trump administration's actions, including its notice of intention to discontinue the Obama administration's changes to the EEO-1 form and DOL's Office of Federal Contract Compliance Programs' (OFCCP) proposed rule clarifying protections for religious contractors. Committee Republicans also look forward to the Senate continuing to confirm President Trump's nominees to the EEOC. The Committee should continue its work with the EEOC and other relevant agencies, including OFCCP, to ensure robust policies are in place to combat workplace discrimination and provide equal employment opportunity.

Updating the *Fair Labor Standards Act*

The *Fair Labor Standards Act* (FLSA) is the principal federal law governing wages, hours of work, child labor standards, and recordkeeping requirements for more than 135 million workers in the private sector and in state and local governments. Given the broad scope of the FLSA and its deep impact on workers, Committee Republicans are mindful the FLSA was enacted over 80 years ago and aspects of this law no longer meet the legal realities of today's modern workforce and workplace. As such, Committee Republicans continue their commitment to engage with employers, workers, and other stakeholders to consider how best to modernize federal wage and hour laws.

Committee Republicans applaud ongoing Trump administration actions, including the decision to revoke sub-regulatory Administrator Interpretations related to independent contractors and joint employment as well as the implementation of the Payroll Audit Independent Determination program to facilitate resolution of potential overtime and minimum wage violations. Committee Republicans are further encouraged by the decision to reinstate the Wage and Hour Division's longstanding policy of issuing opinion letters to provide fact-specific legal guidance on wage and hour issues.

Modernizing the *Fair Labor Standards Act*

Committee Republicans oppose Democrat proposals to increase costs and regulatory burdens on workers and employers under the FLSA. For example, in 2019, House Democrats passed H.R. 582, which would increase the federal minimum wage to $15 per hour. H.R. 582 would inflict a one-size-fits-all scheme which would harm younger and less-skilled employees and reduce job opportunities, hours, and wages for millions. By contrast, in response to the clear need for reform, the Trump administration has undertaken an aggressive effort to ensure the regulations reflected the intent of Congress and the realities of a modern workforce. The updated regulations provide clarity for determining joint employer relationships, increase the overtime threshold, assist employers in determining how to pay their employees, allow greater flexibility in compensation for irregular work schedules, and assist DOL in its enforcement of these important workplace protections. Committee Republicans believe DOL should continue efforts to utilize a combination of strong and effective targeted enforcement, technical assistance, and education to promote and encourage compliance under the FLSA.

In addition, Committee Republicans believe the Committee should place a high priority on eliminating impediments within the FLSA that prevent employers and employees from working out innovative and flexible compensation and scheduling arrangements. In particular, flexible compensatory time, as included in H.R. 5656, the *Working Families Flexibility Act*, would help many employees in their attempts to achieve a better balance between work and family obligations.

Reforming the *Federal Employees' Compensation Act*

Committee Republicans support efforts to improve the administration and management of the *Federal Employees' Compensation Act* (FECA). In particular, the Committee should examine ways to improve overall FECA program management, simplify certain administrative aspects, and strengthen the integrity of the program. Committee Republicans are committed to working with the Trump administration to identify areas to improve the efficiency of the workers' compensation program for federal employees, while ensuring that the program is responsive to the needs of injured federal employees.

Enhancing Workplace Health and Safety

The Committee has a duty to help ensure safe and healthy conditions for America's workers. In doing so, Committee Republicans will continue to advocate for policies that combine proactive safety programs, compliance assistance, and effective enforcement of workplace safety laws and regulations. Also, the Committee will continue to monitor actions taken by federal workplace safety agencies to ensure that they protect the health and safety of workers while also allowing job growth and opportunity to flourish.

Occupational Safety and Health Administration

The Occupational Safety and Health Administration (OSHA) enforces laws ensuring safe and healthful conditions in the workplace. OSHA's coverage extends to more than 8 million workplaces employing approximately 130 million workers. The Committee should continue its oversight of OSHA to ensure the agency is prioritizing enforcement, while also putting a strong emphasis on compliance assistance efforts so that employers, including small businesses, can be properly educated about their obligations to protect workers from occupational hazards. OSHA should also continue to engage with stakeholders through the long-standing regulatory process to ensure it is crafting safety and health standards that are based on evidence and workable policy. In the 116th Congress, Committee Democrats have introduced bills compelling OSHA to issue rushed, prescriptive, and one-size-fits-all standards that tie the hands of agency experts. H.R. 1309, *the Workplace Violence Prevention for Health Care and Social Service Workers Act,* which passed the House in November 2019, requires OSHA to circumvent established rulemaking procedures under the *Occupational Safety and Health Act* and the *Administrative*

Procedure Act and establish a standard without meaningful evidence and stakeholder input despite the fact that the agency was already working to address workplace violence prevention through rulemaking. Committee Republicans reject this approach and will continue to ensure that OSHA can exercise their authority to promulgate federal safety and health standards through the normal rulemaking process. In addition, the Committee should monitor OSHA enforcement actions across its 10 regions and among its entire staff of compliance officers to ensure consistency.

Mine Safety and Health Administration

America's miners power our nation's homes, businesses, and economy. As the Trump administration continues to advance policies that support the mining industry, it is essential to promote safe and healthy workplaces for America's miners. The Committee should continue its oversight of the Mine Safety and Health Administration (MSHA) to ensure it is utilizing the tools provided under federal mine safety laws to strengthen workplace safety and meet its goal of eliminating mining fatalities. The Committee should continue to engage with MSHA and encourage the agency to adopt a collaborative approach by emphasizing compliance assistance, outreach to stakeholders, and innovative and effective worker safety programs.

Examining the Sharing Economy

The Committee should continue to take a leadership role in Congress as it examines new advancements in our economy and their impact on workers. One such example is the "sharing economy," a term that broadly describes transactions involving internet application-based platforms that connect individuals seeking goods or services with a supplier. This form of work has improved the American quality of life, fostered entrepreneurship, expanded consumer choice, and created flexible work opportunities.

The Democrats agenda threatens the sharing economy enjoyed by millions of American workers and consumers. In February, the House passed H.R. 2474, the *Protecting the Right to Organize Act*, which codifies the so-called ABC test for independent contractor status, makes misclassification under the NLRA an unfair labor practice (ULP), and imposes costly civil penalties on such ULPs. Independent contracting is essential to the success of the sharing economy, but the ABC test significantly broadens the definition of "employee" under the NLRA, curbing opportunities for workers to engage in the sharing economy. The Committee also held a hearing in September 2019 on misclassifying employees as independent contractors under the FLSA. While the Committee has not advanced legislation amending the FLSA to that effect this Congress, Democrats made clear their desire to scare businesses away from classifying workers as independent contractors through costly penalties and burdensome litigation risk.

By contrast, DOL and the NLRB have each taken action to protect independent contractor status that the sharing economy depends on. In January 2019, the NLRB returned to its longstanding independent contractor standard, reaffirming the Board's adherence to the common-law test, clarifying the role that entrepreneurial opportunity plays in determining independent contractor status under the NLRA. In April 2019, DOL issued an opinion letter specifying that a service provider for a virtual marketplace company is an independent contractor, not an employee of the company, under the FLSA.

Recognizing that the growth of the sharing economy has broad implications for job opportunity and economic growth, the Committee should continue to engage with stakeholders, analyze data related to workers in the sharing economy, and examine legislative proposals. Possible reforms the Committee should pursue include expanding workplace flexibility, clarifying the status of sharing economy workers, and expanding access to portable health care and retirement benefits.

BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2021
COMMITTEE ON EDUCATION AND LABOR
116th CONGRESS, SECOND SESSION
MARCH 23, 2020

MINORITY VIEWS SIGNATURES

Virginia Foxx, Ranking Member
Glenn "GT" Thompson
Tim Walberg
Brett Guthrie
Bradley Byrne
Rick W. Allen
Jim Banks
Mark Walker
James Comer
Russ Fulcher
Steve C. Watkins, Jr.
Ron Wright
Daniel Meuser
Fred Keller

Views and Estimates
For Fiscal Year 2021 Budget

Submitted by

The Honorable Frank Pallone, Jr., Chairman

House Committee on Energy and Commerce

March 25, 2020

CONTENTS

INTRODUCTION

Each standing committee of the House of Representatives is required by the Congressional Budget Act of 1974 and Rule X, clause 4(f) of the Rules of the House of Representatives to submit to the House Committee on the Budget its views and estimates on the President's budget with respect to matters and issues within its jurisdiction or concerning its functions.

The following discussion is not exhaustive, yet it records the strong views that the Chairman of the Energy and Commerce Committee (the Committee) holds about serious, adverse effects and impacts that the President's fiscal year (FY) 2021 budget is likely to have on areas and matters falling under the Committee's jurisdiction.

HEALTH

AFFORDABLE CARE ACT (ACA)

The ACA expanded health insurance coverage to 20 million of Americans, bringing the uninsured rate to a historic low. It ended harmful and discriminating practices in the individual insurance market, such as preexisting condition exclusions, rescissions, and annual and lifetime limits. It ensured that these plans cover the basic benefits that people need, known as the essential health benefits. It furthermore provided financial assistance through advance premium tax credits to help low- and middle-income Americans buy health insurance through the Marketplaces.

The President's FY 2021 budget proposes to make roughly $150 billion worth of cuts to the program's funding. The budget does not provide any detail as to how these cuts shall be made, and merely makes a statement about an "allowance for the President's health reform vision," without providing any specifics. Cuts of this magnitude, however, will undoubtedly raise health care costs for families and reduce access to healthcare.

Additionally, the President's FY 2021 budget proposes no policies to protect individuals' access to health insurance should the ACA be struck down. The Administration has continued to argue in federal courts (and is expected to argue this fall before the Supreme Court) that none of the other critical provisions of the law are severable from the provision under challenge and that therefore, the entire law must be struck down as unconstitutional. While the Budget states that "the President's healthcare reforms will protect…those with pre-existing conditions," it includes no policies to do so. Should the challenging states and the Administration prevail in their lawsuit and final appeal, financial assistance for low and middle income Americans would evaporate, insurers could return to past practices of denying coverage and charging higher premiums to individuals with preexisting conditions, plans would no longer have to cover essential health benefits such as maternity coverage or prescription drugs, and individual and employer plans would be free to impose annual and lifetime limits on coverage.

The Committee will continue to examine ways to expand upon the ACA to lower the cost of health care and to increase the number of Americans covered. The Committee will also continue its vigorous oversight of the Administration's efforts to dismantle the ACA through regulation and the federal courts.

MEDICAID

Medicaid covers approximately 75 million low-income Americans including children, the elderly, and people with disabilities. Medicaid supports community hospitals and physicians, nursing homes, health care jobs, and safety-net providers. There is strong evidence that the Medicaid expansion within the Affordable Care Act (ACA) is associated with improved access to care, including behavioral health treatment, and improved financial security for low-income Americans, as well as earlier diagnoses of various diseases and conditions.

The President's FY 2021 budget proposes to cut Medicaid by $920 billion over the next ten years, and it would end enhanced funding for Medicaid expansion. Such a drastic cut to one of our most crucial safety net programs would lead to disruptions in access to care for millions of Americans who rely on the Medicaid program. Furthermore, eliminating the enhanced federal funding for Medicaid expansion would likely lead states to end coverage for the more than 12 million Americans who have gained coverage through expansion, reversing historic improvements in access to healthcare, health outcomes, and enhanced financial security for these individuals and their families.

The President's budget would also make it harder for people to get and keep their Medicaid coverage, by requiring more paperwork and administrative hurdles to get enrolled. It would also impose illegal, burdensome, and harmful work requirements on states. These work requirements, which have been struck down by several federal courts, are inconsistent with the Medicaid statute, and have resulted in thousands of families losing access to healthcare with no evidence of a corresponding employment benefit.

The Committee will continue to examine ways to encourage more states to fully expand Medicaid and extend its protections to more Americans. The Committee will also continue its oversight of the Administration's actions that endanger or undermine the Medicaid program, or are contrary to the Medicaid statute.

MEDICARE

Americans expect that the Medicare program will be there for them when they reach 65. This program needs adequate funding and resources to support itself as a meaningful safety net for older Americans, approximately 10,000 of whom age into Medicare every day. The President's FY 2021 budget proposes cutting Medicare by half a trillion dollars–cuts of this magnitude could impact the services and providers of Medicare and lowering the quality of health care that is available and provided through it. Additionally, cuts to the Graduate Medical Education program could undermine the development of our healthcare workforce.

The Committee will continue to strive to close gaps in coverage and improve the Medicare program for its current and future beneficiaries. This includes action to address the rise in prescription drug prices and healthcare costs for our Nation's Medicare beneficiaries. For example, the Committee (and subsequently, the House) passed H.R. 3, the Elijah E. Cummings Lower Drug Costs Now Act, to help to reduce these prices and costs

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Committee will continue to advocate for policies that contribute to a robust public health system, including modernizing our public health infrastructure, improving the capacity of our public health agencies to better oversee a global marketplace, and expanding medical services that allow us to better prepare and address threats to our Nation's public health, including the novel coronavirus (COVID-19) pandemic we are currently facing. This is in stark contrast to the budget proposal offered by President Trump. The FY 2021 budget proposal was released 11 days after Secretary Azar declared the 2019 novel coronavirus, or COVID-19, a national emergency.

Despite knowing that we were on the eve of a global pandemic, the Trump administration still included a proposal in the FY 2021 budget that would slash over $675 million in funding from the Centers of Disease Control and Prevention (CDC) – an agency that plays a critical role in helping our health system detect and respond to public health emergencies. Because of policies implemented by this administration, states and localities have been subjected to continual decreases in federal funding decreases for local public health projects and services. While the United States has yet to see the actual destructive depth and breadth of the COVID-19 pandemic, it has never been clearer that disaster strikes with little warning. Accordingly, the Federal government must continue making robust investments in our Nation's public health infrastructure and systems.

As the United States and much of the populated world faces a dire public health threat, the necessity for increased federal funding and support for agencies such as the CDC, the National Institute of Health (NIH), and the Food and Drug Administration (FDA) has never been more apparent. An increase in funding for these agencies will not only allow for a more efficient and rapid response to public health events such as the spread of infectious diseases, but it will also allow for closer monitoring of food-borne outbreaks and of unsafe and illegal importation of medical devices and cosmetic products.

The President's FY 2021 budget also undermines the progress made by our Nation's leading researchers by cutting approximately $3 billion from NIH, including $430 million from the National Institute of Allergy and Infectious Diseases (NIAID). Compounding these cuts is a proposal to eliminate the Agency for Healthcare Research and Quality – an agency uniquely charged with improving the safety and quality of America's health care system. These cuts reverse course on years of bipartisan congressional investment for life-saving medical research and quality treatment for patients in need. The Committee is dedicated to improving national public health and will seek to uphold and improve upon programs that will bolster both the infrastructure and medical field workforce, as well as to ensure the safety of our medical products and food supply.

The Committee will also continue its work to reverse the youth tobacco epidemic. While this Administration has implemented an ineffective partial e-cigarette flavor "ban" to remove from the market certain flavored e-cigarette pods, this policy leaves on the market menthol flavors, as well as all flavored disposable e-cigarette products and open-tank systems mixed in vape shops. In order to prevent losing the next generation to a lifetime of nicotine addiction, the Committee favorably reported, and the House subsequently passed earlier this year H.R. 2339, the *Protecting American Lungs and Reversing the Youth Tobacco Epidemic Act*. Unfortunately, the FY 2021 proposed budget would strip FDA of its authority over tobacco products and instead direct this critical task to a new and untested agency within HHS. In a time when America is seeing an unprecedented surge in youth tobacco usage, this politically motivated proposal puts at risk the scientific and regulatory expertise FDA has acquired to effectively regulate these products. We are committed to ensuring that authority over tobacco products remains with FDA, as Congress envisioned with the passage of the *Family Smoking Prevention and Tobacco Control Act*.

ENERGY, THE ENVIRONMENT, AND CLIMATE CHANGE

CLIMATE CHANGE

Climate change threatens people, livelihoods, and communities across the United States, and people are experiencing its impacts now. The Committee recognizes this threat and is developing legislation to address it. This effort includes the plan announced last year to achieve a 100 percent clean economy by 2050, and the development of a comprehensive discussion draft, the CLEAN Future Act, to implement that plan. As such, the Committee will continue to advance measures to reduce our reliance on fossil fuels and support a just transition to clean energy. These measures not only will ensure America's energy security and independence but also will contribute to a cleaner, healthier environment for our communities.

Unfortunately, President Trump's budget would cut or eliminate funding for climate-related programs at science and energy agencies across the federal government. The budget calls for a cut of over a quarter (26 percent) of the Environmental Protection Agency's (EPA) budget and eight percent from the Department of Energy (DOE) budget. Instead of investing in clean, renewable technologies and research to combat our changing climate, the President's budget would dedicate new funding for research into new uses for coal, continuing our reliance on fossil fuels and further setting back a just transition into a cleaner economy.

ENVIRONMENTAL AND COMMUNITY HEALTH

Along with climate change impacts like sea level rise and extreme weather events, toxic chemicals and pollutants pose health risks to communities, contaminating America's drinking water, air, and soil. Per- and polyfluoroalkyl substances (PFAS) and other emerging contaminants are being discovered at an alarming rate, and our communities cannot afford the gutting of research funding or reduction of EPA staff working to collect data and develop solutions to this contamination. The Committee recently passed the PFAS Action Act through the House and is working to eliminate the threat of these chemicals; in contrast, the President's budget proposal would severely hinder the EPA's ability to protect communities against these chemicals.

With these emerging and continuing threats to America's environmental and community health, President Trump's environmental budget cuts would allow communities to be inundated with pollution and contaminants. The backlog for Superfund cleanups is the longest it has ever been, yet the FY 2021 Trump budget would cut the cleanup budget by $112 million. Additionally, while communities are continuing to struggle to remove lead from their drinking water, this budget would cut assistance for the drinking water State Revolving Funds by $262 million. At this critical time, the Committee will ensure that these programs receive adequate funding so that they may continue to protect the health of Americans and their environment.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

In addition to slashing EPA's budget, the Trump Administration proposes to gut programs critical to combatting the climate crisis in the DOE. Within DOE, the Office of Energy Efficiency and Renewable Energy (EERE) has worked tirelessly since 1973 for both Republican and Democratic administrations to develop environmentally friendly energy alternatives. This year, however, the President's budget proposes to slash its budget by nearly 75 percent. The Committee is committed to decarbonizing the economy, but without the further development of renewable energy sources and additional progress on energy efficiency, this task will be nearly impossible.

Investing in making U.S. infrastructure more energy efficient is one of the Committee's main goals. Investing in infrastructure would create jobs, save consumers money, support economic development, make communities more resilient, and help in the fight against climate change by reducing carbon pollution. Yet, the Administration's FY 2021 budget cuts 50 EPA programs in addition to slashing funding for research and development. Among the programs affected by the cuts made to EPA and DOE is the Energy Star program, which provided consumers with unbiased information on the energy efficiency of things ranging from everyday appliances to commercial buildings and industrial plants. Without funding, the Energy Star program will have to rely on businesses to pay for an efficiency evaluation, which would limit the ability of consumers to determine the energy efficiency of a product before they purchased it.

CONSUMER PROTECTION AND COMMERCE

FEDERAL TRADE COMMISSION (FTC)

Protecting consumer privacy continues to be a problem as technology has become more complex and a growing number of companies are actively exploiting consumer's information. Risk of unfair and deceptive practices in e-commerce is also increasing as online platforms and marketplaces have become havens for the dissemination of unsafe products and harmful disinformation. To effectively police industry and stay ahead of the rapid changes in technology, the FTC needs a significant increase in staff and resources to fulfill its consumer protection mission. The Committee will continue to explore how Congress can help the Commission better protect consumers, including through increased resources and authorities.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA)

Despite technological advancements, the number of deaths on U.S. roads remains steady year to year. NHTSA has failed to meet nearly 20 Congressionally-mandated vehicle safety rulemakings due in part to a lack of staff and resources. NHTSA needs sufficient funding and resources to complete those rulemakings, remove defective and dangerous vehicles from our streets, and proactively reduce the unacceptably high number of fatalities and injuries on our Nation's roads. Moreover, advanced vehicle technologies, including autonomous vehicles, may be broadly deployed on America's roads in the foreseeable future. Instead of requesting funding to address these challenges, the Trump Administration proposed slashing funding for critical accounts, such as cutting rulemaking funding by nearly 25 percent, enforcement funding by nearly 50 percent, and vehicle safety research funding by over 30 percent. To effectively protect drivers, passengers, pedestrians, and others, NHTSA needs additional funding and staff with the requisite expertise and experience to oversee these sophisticated systems.

CONSUMER PRODUCT SAFETY COMMISSION (CPSC)

The CPSC is charged with protecting the public from unreasonable risks of injury or death associated with the use of the thousands of consumer products. The President's budget request is \$2.5 million above the FY 2020 enacted level of \$132.5 million but still woefully inadequate to keep the public safe. The agency is currently understaffed and lacks the necessary budget to swiftly recall products, pursue strong mandatory safety standards, and actively engage with voluntary standards setting processes. The Commission's response to threats to children, including deadly inclined sleepers for infants, jogging strollers that fall apart, and hazardous residential elevators, has been too slow and often too weak. The CPSC's import surveillance program, which identifies and stops unsafe imported products before they reach consumers, is particularly understaffed. Without sufficient staff and resources, import surveillance is a significant and widening gap in the CPSC's ability to protect consumers. To strengthen the Commission's compliance and enforcement functions and ensure its ability to protect consumers, the CPSC's budget must be significantly increased.

COMMUNICATIONS AND THE INTERNET

FEDERAL COMMUNICATIONS COMMISSION (FCC)

Over the past year, the FCC has done little to advance the interests of everyday Americans. This commission failed to act swiftly to protect the privacy interests of consumers. It took nearly two years from when the agency began to investigate egregious privacy violations by wireless carriers for it to propose fines against the violators. Also, this commission has done little to protect and help rebuild the lives of Americans during, and following, times of disaster. The FCC's budget must be used to ensure that the agency collects proposed fines, and the budget should also be used to make sure that FCC is promoting the safety of the American public and the resiliency of our networks, including examination of post-disaster recovery efforts in areas such as Puerto Rico. FCC should also address significant deficiencies in its public comment system identified by the GAO and expend resources through the Inspector General's office to audit the high cost fund in the Universal Service Program for potential waste, fraud and abuse. The FCC has also been tasked with combatting and reducing a surge in illegal robocalls, fixing the accuracy of its inaccurate broadband deployment maps, and securing our telecommunications supply chain. The slight funding increase in the proposed budget for the agency is not sufficient for the FCC to fulfill all of these very important obligations and efforts.

CONCLUSION

Budgets are not merely numbers and finances – they reflect an administration's priorities and affect millions of citizens across America. They have lasting effects and impacts on workers, communities, and economies for years to come. With this gravity in mind and during these trying and perilous times in our country's history, we look forward to working with the House Committee on the Budget as the Committee pursues the specific priorities laid out in this discussion.

Views and Estimates of the Committee on Financial Services on Matters to be Set Forth in the Concurrent Resolution on the Budget for Fiscal Year 2021

Pursuant to applicable rules and laws, the Committee on Financial Services transmits to the Committee on the Budget the following views and estimates on matters within its jurisdiction or functions to be set forth in the concurrent resolution on the budget for fiscal year 2021.

BUILDING A FAIR ECONOMY FOR ALL AMERICANS

In the first year of the 116th Congress, the Committee put consumers and investors first, fought for hardworking Americans and protected American families, particularly those that are most vulnerable. The Committee advanced policies to increase shared prosperity, protect against fraud and abuse, ensure fair rules of the road, promote diversity and inclusion, and support those most in need. Consistent with these priorities, Congress must advance a budget that promotes the economic well-being of all Americans. Accordingly, in the FY 2021 budget, Congress must provide robust funding for federal government agencies that administer critical programs and provide key protections for American families across the country.

President Trump continues to push a regressive agenda that harms lower- and middle-income Americans and leaves the most vulnerable behind. For example, Republican tax cuts passed last Congress added $1.9 trillion to the national debt in order to give an unneeded handout to the ultrarich and massive corporations, including $32 billion for megabanks the last two years, leaving future generations of hardworking Americans to foot the bill. In addition, President Trump has initiated a reckless trade war that harms consumers, farmers, manufacturers, small businesses, and the economy. The Federal Reserve Bank of Chicago, for example, recently reported a 20-year high in the percentage of farm loans that customers are having 'major' or 'severe' problems repaying. Meanwhile, CBO estimates that the trade war will reduce GDP by 0.5 percent in 2020 and reduce average real household income by nearly $1,300.

President Trump's appointees have also continued their efforts to dismantle important protections for consumers, investors, and the economy, by rolling back many of the critical reforms Congress enacted following the financial crisis in 2008 to prevent a future crisis. Trump's appointees to the Consumer Financial Protection Bureau, the watchdog agency established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), have made it their mission to destroy the agency from the inside. Under the leadership of Trump's appointees, the Consumer Bureau has let bad actors escape accountability, willfully ignored the agency's mission, declined to use its enforcement tools, and reopened the door to predatory and abusive products and practices. Trump's appointees to the prudential regulatory agencies have also followed this deregulatory blueprint, and have made efforts not only to weaken reforms put in place after the crisis, but also to weaken the implementation of the Community Reinvestment Act (CRA), a law passed in the civil rights era to prevent redlining by banks.

The Committee opposes the harmful agenda of the Trump Administration because it threatens hardworking Americans and vulnerable families, for whom the Committee will continue to unwaveringly stand up. The Committee urges Congress to support the following programs and policies to ensure all Americans have opportunities to share in economic growth and progress, to promote diversity and inclusion, and to protect those who are vulnerable.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) plays a critical role in our nation's housing market and social safety net with a mission to "create strong, sustainable, inclusive communities and quality affordable homes for all." HUD programs help lift families out of poverty and homelessness, expand homeownership to underserved borrowers, bolster the economy, and ensure equal access to housing opportunities. The past three fiscal year budget requests, however, have been woefully inadequate to meet the needs of the nation's affordable housing crisis and the homelessness crisis. That is, in part, why the Committee will consider H.R. 5187, "The Housing is Infrastructure Act of 2019" that would provide over $100 billion in new funding for HUD programs to sustain and create affordable homes. The FY 2021 budget should robustly fund HUD housing and community development programs to ensure that every family has access to safe, decent, and affordable housing. The Committee will also explore proposals to strengthen HUD's ability to effectively carry out its mission and to ensure accountability when administrative decisions undermine this mission.

Homeless Assistance Programs

According to the most recent HUD data, over 560,000 people experience homelessness in this country on a given night, nearly 30 percent of whom are children or youth. The Committee fully supports the goal of ending homelessness and believes that the FY 2021 budget should reflect this priority. HUD's homeless assistance grants play a key role in serving those who are experiencing homelessness in America. The Committee recognizes the critical role of the U.S. Interagency Council on Homelessness (USICH) in coordinating across federal agencies and programs to implement an effective federal strategy to end homelessness. The Committee supports robust funding for HUD's homeless assistance grants and USICH, and has passed H.R. 1856, the "Ending Homelessness Act of 2019" to provide over $13 billion in new funding to ensure that every person experiencing homelessness in America has a place to call home. The House has also passed several Committee bills to further address homelessness including, H.R. 4302, the "Homeless Assistance Act", H.R. 4029, "Tribal Access to Homeless Assistance Act", and H.R. 2398, the "Veteran HOUSE Act". The Committee will also consider proposals to expand and better target funding for families and individuals, including veterans, who are experiencing homelessness and who are at risk of experiencing homelessness.

In particular, the Committee is committed to ending homelessness among children and youths. Children and youths remain a significant portion of the homeless population and there are disturbing indications the problem is getting worse. According to National Center for Homeless Education, 1,508,265 students experienced homelessness at some point during the 2017-2018 school year (SY)--the highest number of homeless students in more than a dozen years and a 15 percent increase from just three years ago. In identifying new strategies to end homelessness among children and youths, the Committee will take a holistic view of data produced by different federal agencies, including the Department of Education and the Department of Health and Human Services, among others.

The Committee will also continue to examine homelessness among individuals who served their country in uniform, but because of their specific service or discharge status, do not have access to HUD-VASH vouchers, or other sources of federally assisted housing.

Rental Assistance Programs

HUD's rental assistance programs are responsible for providing stable housing for over 10 million individuals in nearly 5 million homes across the country. Without this important federal assistance, millions of current and future households would be severely rent-burdened or homeless. According to the Center on Budget and Policy Priorities, federal rental assistance has kept 4.1 million people, including 1.4 million children, out of poverty. In particular, public housing is home to nearly one million families, with nearly sixty percent of families headed by a person who is elderly, disabled, or both, and more than forty percent of families in public housing having school-aged children at home. The Committee recognizes the importance of these programs and supports robust funding to preserve and expand the supply of affordable housing supported by these programs. The Committee also rejects proposals that increase burdens on HUD-assisted families by imposing arbitrary time limits on their tenancy or unduly increasing rents.

The Federal Housing Administration

The Federal Housing Administration (FHA) continues to play a vital role in promoting long-term stability in the housing market and expanding access to homeownership for creditworthy borrowers, especially first-time homebuyers, low- and moderate-income households, and minority households. Despite the strong financial health of FHA, certain budgetary restrictions have prevented FHA from investing in much needed technology upgrades to its systems supporting origination, servicing, default, and claims. The Committee supports continued funding through appropriations to ensure that the FHA can make the necessary upgrades to its systems.

The Committee is concerned that FHA-HFA multifamily risk-share loans no longer have access to financing through the FHA's partnership with the Federal Financing Bank after the Trump Administration discontinued this partnership. The Committee will examine whether to take steps to renew this partnership.

The Committee is also concerned that FHA continues to maintain arbitrarily high premium levels that unnecessarily block access to homeownership despite substantial improvement in the financial health of the Mutual Mortgage Insurance Fund, particularly in the last few years. The Committee is also concerned with FHA's current practice of charging annual mortgage insurance premiums for the life of FHA loans while private mortgage insurers cancel the requirement for mortgage insurance once the outstanding principal balance falls to 78 percent of the original home value. The House passed H.R. 3141, the "FHA Loan Affordability Act of 2019," which would require borrowers to pay premiums only when their loan exceeds 78 percent of the home's value. The Committee is also concerned that potential actions by HUD and FHA in its down payment assistance programs could have severe consequences for low- to moderate-income and minority Americans.

The FY2021 budget should also increase funding for Housing Counseling Assistance, which helps to expand homeownership by educating prospective homebuyers and helps prevent foreclosures by providing mitigation services. Housing counseling helps keep families in homes, protects the

FHA Mutual Mortgage Insurance Fund, and stabilizes communities. In order to incentivize more borrowers to obtain housing counseling, the House passed H.R. 2162, the "Housing Financial Literacy Act of 2019," which would lower insurance premiums for FHA borrowers who choose to receive housing counseling.

Government National Mortgage Association

The Government National Mortgage Association (Ginnie Mae) plays a critical role in providing liquidity for government backed mortgages, including FHA, VA, and USDA-backed mortgages. Since the 2008 financial crisis, Ginnie Mae's issuer base has substantially shifted to include a much larger share of nonbanks, which present a new set of risks for Ginnie Mae to manage. Ginnie Mae continues to rely overwhelmingly on contractors to carry out its responsibilities due to insufficient appropriations to support staffing levels and limitations on the use of fee revenue. Ginnie Mae also continues to struggle to retain qualified staff due in part to salary caps that are much lower than similar government entities. The Committee will continue to monitor Ginnie Mae's responses to ongoing staffing challenges as well as emerging risks.

Housing and Community Development Programs

HUD programs that support housing and community development, such as the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships program (HOME), and the National Housing Trust Fund (HTF), play key roles in addressing the inadequate supply of affordable housing, particularly for the lowest income families. They have also proven to be effective in leveraging private investment and supporting local economies. For example, CDBG yields more than $4 in private funding for every $1 of CDBG funding invested and has created or retained over 420,000 economic development related jobs between FY 2015 and FY 2018, benefiting over 47 million low- and moderate-income people through affordable housing and public services. The HOME program has also supported nearly 1.7 million jobs and generated $115 billion in local income since its inception, while investing $29.1 billion to help build over 1.3 million units of affordable housing since 1992. The Committee supports robust funding in the FY 2021 budget to carry out these programs fully and will consider legislation to increase funding levels for these programs.

Fair Housing

HUD plays a central role in fighting discrimination in housing and promoting fair housing practices, primarily through its implementation and enforcement of the Fair Housing Act. The Committee supports increased funding levels for HUD's fair housing programs as well as its Office of Fair Housing and Equal Opportunity in order to promote robust enforcement of the Fair Housing Act. Under the current Administration, HUD has taken steps to dismantle key fair housing protections, including proposing new regulations on Affirmatively Furthering Fair Housing and the disparate impact standard that fundamentally undermine key provisions of the Fair Housing Act. The Committee will continue to take steps to ensure that HUD is adequately enforcing the Fair Housing Act, including through the consideration of legislation like H.R. 149, the "Housing Fairness Act of 2019."

Native American Housing

The Committee supports the fundamental recognition of tribal self-determination under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) as well as robust funding for the NAHASDA programs. The Committee will consider legislation to reauthorize and strengthen NAHASDA programs.

USDA'S RURAL HOUSING PROGRAMS

The United States Department of Agriculture's (USDA's) Rural Housing Service (RHS) plays a distinct and critical role in the Federal government's housing assistance strategy, and in the housing market overall. RHS programs help address unique housing challenges that rural residents and communities face, including the prevalence of substandard housing conditions, the challenges of farm workers remaining stably housed despite the seasonal nature of their work, and the lack of access to affordable mortgage credit in some rural areas. Unfortunately, due to the lack of funding and lack of a strategy from USDA, hundreds of thousands of multifamily units are projected to exit USDA programs that keep the units affordable for low-income residents in the coming decades. Further, housing advocates have sued USDA alleging misuse of limited funding available to address the preservation of units or displacement of tenants. To ensure robust funding for RHS to address these challenges in the rural housing stock, the Committee passed H.R. 3620, "The Strategy and Investment in Rural Housing Preservation Act of 2019," which authorized $1 billion to preserve RHS-subsidized properties and prevent resident displacement.

USDA's single-family housing programs also provide unique mortgage products to help low- and moderate-income rural households gain access to homeownership. The Committee will consider proposals to ensure that loss mitigation requirements under these programs are serving borrowers effectively. The Committee also supports increased funding for the Section 502 Direct Loan program, which serves low income households.

GOVERNMENT SPONSORED ENTERPRISES

The Committee believes that a robust mortgage market is required for a healthy, growing middle class and broad economic growth. The secondary mortgage market plays a significant role in ensuring the health of the financial system, and efforts to reform that market should: maintain affordable, long-term fixed-rate mortgage products such as the 30-year pre-payable fixed rate mortgage; protect taxpayers by paying for an explicit government guarantee; provide stability and liquidity to the market, and prevent disruptions during a transition to a new finance system; support a broad-based strategy for promoting access to affordable housing, including affordable rental housing; and, ensure that financial institutions of all sizes can equally participate in the market.

The Committee has several concerns with the Administration's plan for housing finance reform, including the potential for severely restricting access to credit, especially for communities of color, and significant market disruption. The Committee will continue to monitor the Federal Housing Finance Agency's actions permitting Fannie Mae and Freddie Mac to retain capital and its role as conservator of the enterprises.

NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program (NFIP), which provides flood insurance to over five million homeowners, renters, and businesses, is set to expire on September 30, 2020. The last long-term authorization of the NFIP expired on September 30, 2017. Ever since, Congress has been passing short-term extensions without a comprehensive plan to provide certainty to the market, keep flood insurance affordable, or deal with the lack of stable funding for mapping or mitigation. The Committee believes that the NFIP must be reauthorized for the long term with a plan to keep coverage affordable and available, to adapt to a changing climate, and to keep our communities resilient in the face of increasing flood risks. That is why the Committee unanimously passed H.R. 3167, the "National Flood Insurance Program Reauthorization Act".

Further, although Congress recently forgave $16 billion of the NFIP's debt, the remaining $20.5 billion in debt has been ignored and continues to burden policyholders with approximately $400 million in interest payments every year. Meanwhile, nearly 65 percent of NFIP premiums and fees are spent on losses and debt reduction, including interest payments. The Committee believes that these costs contribute to affordability challenges for policyholders and will examine steps to address this issue.

SECURITIES AND EXCHANGE COMMISSION

The Committee supports robust funding for the FY 2021 budget of the Securities and Exchange Commission (SEC) so that it is able to fulfil fully its three-part mission to: (1) protect investors; (2) maintain fair, orderly, and efficient markets; and (3) facilitate capital formation. Pursuant to that mission, the SEC oversees $140 trillion a year in securities trading and more than 28,000 market participants that employ over one million people in the United States. These market participants include investment advisers, mutual funds, broker-dealers, national securities exchanges, credit rating agencies, clearing agencies, and self-regulatory organizations. The SEC also reviews the disclosures and financial statements of over 7,600 reporting companies with an approximate aggregate market capitalization of $34 trillion.

The Committee urges the SEC to prioritize its enforcement and examinations activities, and to complete the remaining Dodd-Frank Act rulemakings. The SEC is responsible for prosecuting violations of the securities laws and holding violators accountable in cases involving everything from corporate disclosure violations to fraudulent sales of complex financial products. The Committee will continue to demand that the SEC strengthen its enforcement efforts, including against illegal initial coin offerings and virtual currency investment scams, and against traders that engage in abusive and manipulative practices at the expense of retail investors.

The Committee is concerned that recent legal developments have harmed the SEC's ability to bring cases against bad actors and to recoup funds for harmed investors, particularly those affected by long-running investment frauds such as Ponzi schemes. In order to protect investors, the Committee passed H.R. 4344, the Investor Protection and Capital Markets Fairness Act, which would provide the SEC with appropriate authority to bring enforcement actions against those who violate the securities laws. The Committee will continue to examine the effect of these developments on the ability of the SEC to protect investors.

In addition, the SEC must vigorously police the markets through regular compliance checks, including annual examinations of registered investment advisers, who have increased steadily in numbers over the past decade. In FY 2019, the SEC staff examined only 15 percent of registered investment advisers.

The SEC must also complete its rulemaking obligations under the Dodd-Frank Act, including establishing a comprehensive regulatory regime for security-based swaps, enhanced investor disclosures, and executive compensation rules for public companies and SEC-regulated entities. The Committee urges the SEC to finalize these long-overdue rules.

The Committee also encourages the SEC to ensure that public companies disclose environmental, social, and governance (ESG) information, such as exposure to risks related to climate change and cybersecurity threats, because such information is material to investors. Recognizing the importance of these issues, the Committee has moved swiftly to pass H.R. 3623, the "Climate Risk Exposure Act of 2019", H.R. 4329, the "ESG Disclosure Simplification Act of 2019", and H.R. 1731, the "Cybersecurity Disclosure Act of 2019" to ensure that investors and the market have access to this critical information. Additionally, because the SEC has failed to do so, the Committee is working to pass bills to require public companies to disclose their risks and practices related to human capital management, political spending, and country-by-country tax reporting.

The Committee urges the Commission to place paramount importance on shareholders' ability to engage with the companies they invest in. This includes safeguarding the principle of "one-share, one-vote," and shareholders' ability to submit proposals. Unfortunately, the SEC's proposed rules from November 2019 would collectively weaken shareholders' rights and deprive them of independent information about changes to companies. The Committee urges the SEC to rethink these problematic proposals.

Troublingly, the Trump Administration has consistently proposed the elimination of the SEC's Reserve Fund, which provides the SEC with up to $50 million annually to support long term information technology (IT) initiatives and respond to unforeseen events, like the 2016 breach of its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system for public company filings. Eliminating the Reserve Fund would force the SEC to choose between funding its cybersecurity efforts or syphoning resources from other underfunded programs, such as investment adviser examinations. It would also hamstring the SEC's ability to keep pace with ever-evolving threats to our financial infrastructure.

The Budget also proposes to eliminate the Public Company Accounting Oversight Board (PCAOB), which is a self-regulatory organization created in the wake of the Enron scandal to oversee the audits of public companies. Instead, the duties of the PCAOB would be conducted by the SEC, which would only receive $55 million more in FY 2021 to conduct all of its normal operations. By contrast, the PCAOB's 2020 budget was $284.7 million. Recklessly eliminating the PCAOB and its staff with expertise in overseeing the audit industry is a serious threat to investors and market integrity.

FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN)

To fully support U.S. efforts to detect and deter illicit finance, the Committee supports robust funding in the FY 2021 budget for Treasury's Financial Crimes Enforcement Network (FinCEN). FinCEN implements and enforces the Bank Secrecy Act (BSA), which is the nation's primary anti-money laundering and counter-terrorism financing (AML/CTF) law. In furtherance of this work, the House passed H.R. 2514, the "COUNTER Act". The Committee urges FinCEN to provide regulated entities, including those located in U.S. territories, with guidance and feedback on illicit financing risks posed by a constantly changing threat environment, including trafficking, lone-actor terrorism, and vulnerabilities from emerging technologies such as virtual assets.

The Committee remains concerned by the legal obstacles to collecting, maintaining, and analyzing information on the beneficial owners of companies formed in this country, who may expose the U.S. financial system to significant risk. To remedy this issue, the House passed H.R. 2513, the "Corporate Transparency Act". The Committee also urges FinCEN to take steps, including the provision of clear guidance that ensures legitimate actors remain able to access the financial system, and thereby reverse a trend among depository institutions to "de-risk" or end account services for whole categories of customers.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) FUND AND THE CAPITAL MAGNET FUND

The Committee supports robust funding of the CDFI Fund to fully carry out its programs in FY 2021 and rejects the Administration's efforts to eliminate funding for the CDFI Fund's discretionary grant and direct loan programs.

The CDFI Fund has had a growing impact across the country by giving private institutions access to the capital needed to extend credit and provide financial services to communities, especially those in lower-income and traditionally underserved areas. For example, the Bank Enterprise Award (BEA) program incentivizes banks to make investments in the most severely distressed communities throughout the country, by providing monetary awards to banks that have increased investments in census tracts where the unemployment rate is 150% higher than the national rate and where approximately one-third of residents' incomes are less than the poverty level. According to data released by the Department of Treasury, a total of $25.2 million was awarded to 113 organizations under the FY 2019 round of the BEA program. As a result, these organizations provided $429 million of qualified community development activities in FY 2019, producing a significant return on investment.

The Committee also supports funding Section 1206 of the Dodd-Frank Act, which directs the CDFI Fund to make grants to certified institutions, including nonprofits, banks, and credit unions, for loan loss reserve funds in order to defray the costs of establishing small dollar loan programs. Section 1206 was enacted to increase consumer access to mainstream financial institutions and to provide more affordable and safe alternatives to high-cost payday loans.

The Committee also supports the CDFI Capital Magnet Fund (CMF), which is funded by allocations from Fannie Mae and Freddie Mac and administered by the CDFI Fund. This program awards grants to finance affordable housing and community revitalization efforts that benefit low-income people and communities nationwide.

SUPPORTING SMALL BUSINESS INVESTMENTS

The Committee supports reauthorizing and funding the successful State Small Business Credit Initiative (SSBCI), which Congress created as part of the Small Business Jobs Act of 2010. The program expired in 2016, but in the five years it operated new financing to small businesses totaled $10.7 billion with only $1.2 billion of federal funding. According to Treasury, the program helped create or save more than 240,000 jobs. In addition to authorizing a second round of funding for the program, the Committee will consider ways to target SSBCI-supported loans or investments to businesses in low- and moderate-income communities.

Small businesses are our nation's innovators and job creators. Congress has a responsibility to review, reform, and modernize our laws and regulations to allow American small businesses to compete and win both domestically and globally. The Committee will advance legislation to ensure small business capital formation rules promote entrepreneurship, business expansion, innovation, and investment in our nation's small businesses.

CONSUMER FINANCIAL PROTECTION BUREAU

The Committee strongly supports the mission, structure, and independent funding of the Consumer Financial Protection Bureau (Consumer Bureau), which was created under the Dodd-Frank Act, to better protect consumers from unfair, deceptive or abusive acts or practices, and to promote fair and transparent markets for the provision of consumer financial products and services.

Since opening its doors in 2011, the Consumer Bureau has investigated and uncovered egregious and illegal conduct in the financial marketplace, including discriminatory and predatory products and services offered to consumers. The agency has received over 2 million consumer complaints with a 97 percent timely response rate by financial firms to those complaints. The Consumer Bureau has returned more than $13 billion to over 35 million consumers that were harmed by bad actors. This includes at least $130 million in relief through enforcement actions for servicemembers, veterans, and their families harmed by illegal practices.

Despite these successes, the Committee continues to be concerned by the actions taken after the Trump Administration's appointees took over the leadership of the Consumer Bureau in November 2017. For example, enforcement activity against bad actors sharply decreased, fair lending efforts were diminished, and student lending concerns were suppressed, with the Consumer Bureau refusing to conduct any new exams regarding the servicing of federal student loans in FY 2018 and 2019. Instead of turning a blind eye, the Consumer Bureau should do its job and protect student borrowers. Furthermore, consumer protections must be strengthened for student borrowers. According to the Federal Reserve, Americans collectively have over $1.6 trillion in student loan debt. That's more than all other forms of consumer debt, except for mortgage debt. More than 44 million people carry student debt averaging almost $33,000. The burden of student loan debt is preventing young people from saving for retirement, starting small businesses, starting families, and becoming homeowners. The student debt crisis is affecting millions of people across the country, and ultimately it negatively affects our entire economy. The Committee has advanced several bills to address this crisis and protect student borrowers.

The Committee rejects the Trump Administration's repeated efforts to gut the Consumer Bureau, including by proposing that Congress eliminate its independent funding or that Congress cap the funding levels of the Consumer Bureau. Moreover, the Committee is committed to preserving the independence of the Consumer Bureau, including by defending its constitutionality before the Supreme Court even when the agency under Trump will not stand up for itself.

There are several areas where consumer protections need to be strengthened. For example, our consumer credit reporting system is broken, and consumers have little recourse when there are errors in their files. In 2018, the Consumer Bureau received 126,300 consumer complaints on credit reporting, which was more than one-third of all complaints submitted. The Consumer Bureau received more complaints about credit reporting than any other issue. For this reason, Congress passed H.R. 3621, the "Comprehensive Credit Reporting Enhancement, Disclosure, Innovation, and Transparency Act of 2020" ("Comprehensive CREDIT Act") to empower and protect consumers with respect to credit reporting.

In addition, the Consumer Bureau has issued a debt collection rule that would allow debt collectors to engage in abusive debt collection practices with few limitations. Predatory debt collection practices continue to inflict harm on a wide range of consumers and small business owners, including servicemembers and taxicab drivers. The Committee has advanced several pieces of legislation providing stronger debt collection protections for all consumers.

Furthermore, the Consumer Bureau has continued its misguided policy to not supervise financial institutions for compliance with the Military Lending Act. The Consumer Bureau has also proposed to significantly weaken the payday lending rule, including by rescinding its ability-to-repay provision, thereby increasing consumers' risk of predatory lending practices. Additionally, the Committee strongly rejects the Consumer Bureau's decision to willingly tie its own hands by creating new conditions before the agency will impose penalties against entities that engage in abusive conduct.

Given the Consumer Bureau's statutory mission as the single agency dedicated to protecting American consumers from unlawful and predatory lending practices, the Committee remains vigilant in its commitment to preserve and implement robust safeguards for consumers, as well as ensuring the Consumer Bureau fulfills its mission. The Committee will also seek to protect the Consumer Bureau's independent funding to ensure not only that consumers are protected, but to also reduce the risk to taxpayers from another financial crisis. Responding to the reckless and persistent efforts to undermine the Consumer Bureau, the House passed H.R. 1500, the "Consumers First Act" to ensure the Consumer Bureau fulfills its statutory purpose to protect consumers in the financial marketplace.

FINANCIAL STABILITY OVERSIGHT COUNCIL & OFFICE OF FINANCIAL RESEARCH

In the years leading up to the financial crisis, the American regulatory and supervisory framework did not keep up with the risks posed to our country's financial stability caused by the increasing size, complexity, interconnectedness, and globalization of large financial institutions. The

Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) were established under Title I of the Dodd-Frank Act to close these regulatory gaps and serve as an early warning system for emerging threats to financial stability.

The Committee believes the FSOC's functions and its supervisory tools are vital to safeguarding the U.S. financial system. Along with promoting market discipline and responding to emerging threats, the FSOC, consisting of the federal financial regulatory agencies, is tasked with identifying elevated risks to the economy due to risky business practices at both bank and nonbank institutions. The Committee also supports the OFR, which was created to provide insights into the shadow banking system and support the work of the FSOC. The OFR's data collection ensures that regulators' assessments of systemic threats, and decisions about any steps to mitigate them, reflect the deepest body of research and analysis of the financial sector possible.

The Committee remains concerned by the Trump Administration's efforts to undermine financial stability efforts, including by shrinking the OFR and FSOC budget and staffing levels. The Committee supports the preservation of both the FSOC and OFR's independence from the annual Congressional appropriations process and notes that their budgets are offset by a fee imposed on systemically important financial institutions (SIFIs), and do not affect the U.S. deficit.

ENHANCED PRUDENTIAL STANDARDS TO PREVENT FUTURE BAILOUTS

The financial crisis demonstrated that several large, interconnected financial institutions could pose an existential threat to the American financial system. These institutions' size, complexity, interconnectedness, and global scale forced the Federal government to expend enormous resources to prevent their failures in order to avoid an international economic collapse.

The Dodd-Frank Act instructed regulators to limit the risks these firms pose to the economy. For example, the law requires that the largest banks and systemically important financial firms be subject to more stringent rules for capital, leverage, liquidity, and risk management. It also subjects these firms to regular, forward-looking stress testing requirements to ensure these large firms are better prepared for eventual economic downturns or unexpected shocks to the system. In fact, banks in the United States have added more than $750 billion in capital to absorb potential losses and, because of these safeguards, are much less reliant on short-term funding, which disappeared in the crisis. Furthermore, the Volcker Rule prohibits banks from proprietary trading, limiting the practice of allowing banks to gamble with their customers' and the taxpayers' money.

The Committee remains focused on ensuring rigorous oversight of large financial institutions, ensuring they can never again threaten our economy or the taxpayer. Furthermore, the Committee remains vigilant in its efforts to oversee the regulators of these financial institutions and encourage them to maintain and strengthen prudential safeguards that protect the U.S. economy from another costly financial crisis. The Committee also encourages these regulators to utilize their full supervisory and enforcement tool kit to hold megabanks and other institutions, as well as their senior executives and boards of directors accountable when they break the law. For example, Section 956 of the Dodd-Frank Act provides these regulators with the authority to develop rules so that executive compensation does not promote "inappropriate" conduct.

However, financial regulators appointed by President Trump have methodically been advancing a series of deregulatory rollbacks for megabanks. For example, regulators have been undermining the implementation of the Volcker Rule, limiting its effectiveness. Additionally, the Federal Reserve and FDIC issued a final rule which rolled back resolution planning (referred to as "living wills") for megabanks, requiring they fully update their plans once every four years, and once every six years for other large banks. The Federal Reserve finalized a rule to revise the enhanced prudential standards framework in a manner that weakens liquidity requirements for large banks, including foreign banks that operate in the United States. Furthermore, the Federal Reserve modified the stress-testing regime to limit the use of the "qualitative objection," which makes it easier for large banks to pass their tests. The Committee is concerned that these and other deregulatory actions weaken critical safeguards put in place after the financial crisis to protect our nation's economy and would increase the exposure to risk for our taxpayers.

OFFICES OF MINORITY AND WOMEN INCLUSION

Since our nation's founding, the diversity of the American experience has been cited by numerous historians, authors, and economists as one of the country's greatest assets. This principle of "diversity as an asset" was recognized nearly 75 years ago by President Franklin D. Roosevelt who, in an Executive Order banning discrimination in the defense industry, asserted "the firm belief that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders." While President Roosevelt sought to ban discrimination in the defense industry as a means of bolstering national security, in the decades since, researchers and academics have recognized the value of diversity to promote innovative decision-making and combat the problem of "group-think."

Section 342 of the Dodd-Frank Act established Offices of Minority and Women Inclusion (OMWIs) in most of the federal financial agencies—the Department of the Treasury, Federal Deposit Insurance Corporation (FDIC), each of the Federal Reserve banks, the Federal Reserve Board of Governors, National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission (SEC), and Consumer Financial Protection Bureau (Consumer Bureau)—that are responsible for all matters relating to diversity in management, employment, federal contracting, and business activities. Section 1116 of the Housing and Economic Recovery Act of 2008 created an OMWI with similar authorities at the Federal Housing Finance Agency (FHFA).

The Committee supports robust funding for each OMWI to carry out its programs, including data collection and analyses that would ensure: transparency from the top-down; a diverse talent pipeline for current and future employment opportunities within the agencies; sufficient training to increase cultural awareness and inclusiveness in the agencies; effective supplier diversity initiatives to secure the fair inclusion of minority-owned and women-owned businesses, and transparency of diversity data by its regulated entities. The Committee will consider legislation that would require regulated entities to disclose their diversity policies and practices to the OMWI at their respective regulators.

As the American population becomes increasingly more racially and ethnically diverse, it is vital that the federal financial services agencies attract, hire, develop, and retain a highly qualified and diverse workforce and operate in a manner that promotes an inclusive and non-discriminatory workplace. Senior leadership at the federal financial agencies must also reflect the diversity of America. For this reason, the House passed H.R.281, the "Ensuring Diverse Leadership Act of 2019", to require the consideration of at least one female and one minority candidate in filling every Federal Reserve Bank president vacancy.

Transparency and accountability are crucial to ensuring diversity and inclusion results. The House passed H.R. 5084 the "Improving Corporate Governance Through Diversity Act of 2019", to require public companies to disclose the demographic information of their board directors, nominees, and senior executive officers, and the Committee expects to consider additional legislation that would increase transparency of board leadership throughout the corporate and financial services sector.

INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) plays an important role in safeguarding the international financial system and promoting financial stability through its principal activities of surveillance, financing, and technical assistance. The IMF also provides loans to countries experiencing financial crises, including debt, currency, and banking crises, and technical assistance to countries to help strengthen their capacity to design and implement effective policies.

Last year, the IMF underwent its 15th General Review of Quotas to assess the adequacy of the IMF's financial resources and review the distribution of voting power in the Fund. Currently, the IMF's shareholdings do not reflect the growing economic clout of some emerging market countries, and this, in turn, has fueled an interest in the creation of alternative institutions within the global financial architecture. In December 2018, the TrumpAdministration announced that it would oppose any changes to existing quotas, halting a decade of progress reforming the governance of the Fund to make it more representative, legitimate, and therefore, more effective.

The Committee believes that this position was shortsighted, as it allows Japan and Europe to maintain their overweight voting power, and would also likely alienate underrepresented, emerging markets countries, causing them to drift away from multilateral institutions and increasingly towards regionalism.

After the United States closed the door on a quota reform package in 2019, preserving the IMF's emergency backstop facility, known as the New Arrangements to Borrow (NAB), took on heightened importance. Through the NAB, 40 member countries have committed to lend additional resources to the IMF in the event of a major financial crisis or to deal with exceptional situations that pose a systemic threat.

Although the Administration forced a decision to close the IMF's 15th quota review without any changes to member quota subscriptions, the Treasury Department did back an agreement to maintain the IMF's overall lending resources by doubling the size of the NAB, while reducing by a similar amount the IMF's bilateral borrowing arrangements, which were due to expire at the end of the year. To implement the terms of the agreement, the Administration's FY 2021 budget proposes to double the current U.S. commitment to the NAB from approximately $39 billion at current exchange rates to approximately $78 billion at current exchange rates, and to extend U.S. participation in the NAB through December 2025.

MULTILATERAL DEVELOPMENT BANKS

The Committee believes that the United States should maintain a strong leadership position at the multilateral development banks (MDBs) as a way to help advance our national security and economic interests, and to ensure our ability to influence policy directions at the MDBs and prioritize global humanitarian initiatives in areas we deem critical, including reducing poverty, consolidating new democracies, and improving governance.

The Administration is requesting congressional authorization for the United States to participate in the replenishments of two concessional windows at the MDBs —the 19th replenishment of the International Development Association (IDA-19) and the fifteenth replenishment of the African Development Fund (AfDF-15). This Administration pledged $3 billion to IDA-19, which is 8.75 percent below the pledge to the previous IDA replenishment. The Treasury Department also pledged $514 million to the AfDF-15, which is equivalent to the U.S. pledge to the previous replenishment.

The Trump Administration also requests congressional authorization for the United States to participate in the 7th general capital increase for the African Development Bank, to which the United States has pledged approximately 437 million of paid-in capital over an eight-year period.

The Treasury Department is also seeking authorization to vote in favor of a general and a selective capital increase for the International Finance Corporation (IFC), the private sector arm of the World Bank, which would triple the IFC's capital base to $8.1 billion. Although the United States. is not contributing to this capital increase, given the size of the U.S. vote at the institution, the agreement cannot move forward until U.S. participation is authorized by Congress. The Committee supports authorization of this multilateral agreement during this Congress with appropriate reforms, and is encouraged by the progress that the Committee is making with the Department of the Treasury to mutually agree to such reforms, as the IFC capital increase is supported by United States allies and enjoys the endorsement of World Bank Group's Executive Directors for Sub-Saharan Africa. The Committee notes the following concerns of the Sub-Saharan African Executive Directors to the World Bank Group, as expressed in their correspondence of November 11, 2019 to Representative Cleaver and Representative Hill: 'Holding back or otherwise slowing down the IFC and IBRD capital increase authorizations, even with the best of intentions, would hurt not help us with our efforts to deal with fragility, poverty, and security." The Committee also notes the concerns of Oxfam International, which testified at a November 2019 hearing on these authorization requests, that reforms related to transparency and for-profit schools are necessary.

The Committee will consider these requests along with certain reforms that it believes are critical to these institutions' project quality and improved development outcomes. The Committee will also continue to examine financial transfers between the International Development Association (IDA) and the International Finance Corporation (IFC), and the degree to which the issuance of market-rate bonds by IDA to supplement its resources may affect IDA's ability to offer grants and highly concessional loans to the world's poorest countries as IDA funds are increasingly used to pay interest payments to bondholders.

Over the past three years, in each of its annual budget requests for Treasury's International Programs, the Administration has repeatedly flagged concern about unmet U.S. commitments at the multilateral development banks, which it has warned damage U.S. credibility, undermine U.S. global leadership, and impair our ability to shape the direction of MDB policies and actions. Despite these concerns, the Administration has not requested in any of its budgets any appropriations to begin to pay down U.S. arrears at the MDBs. Moreover, the Committee notes that its budget request will increase unmet U.S. commitments by approximately $267.52 million.

THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

The United States balances its embrace of open markets with the protection of its national security interests, which means placing certain limitations on overseas investment in strategically sensitive sectors of the U.S. economy. The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee chaired by the Secretary of the Treasury that reviews certain transactions involving foreign investment in the United States to determine the effect of such transactions on the national security of the United States and to address identified national security risks. The Foreign Investment Risk Review Modernization Act of 2018 authorizes the establishment of a CFIUS Fund. This account funds investments necessary to the functioning of CFIUS and allows the transfer of a portion of such funds to CFIUS agencies to address emerging needs. The Committee supports the FY 2021 Budget request of $20 million for the CFIUS fund, as well as the Treasury Department's intention to issue regulations that would allow CFIUS to collect fees.

OFFICE OF FOREIGN ASSETS CONTROL

The Committee sees an increasingly important role for the Treasury Department's Office of Foreign Assets Control (OFAC) and its administration of sanctions against over 40 countries, regimes, terrorists, international narcotics traffickers, proliferators of weapons of mass destruction, financers of terrorism, and other threats to the national security of the United States. OFAC also vigorously enforces the sanctions programs it administers and conducts civil enforcement investigations against U.S. and non-U.S. individuals and entities who threaten the integrity of its sanctions programs. OFAC's enforcement actions and activities – including civil monetary penalties, non-public disruptive intervention, and public outreach – illuminate evasion schemes and enlist the private sector in its sanctions efforts. Additionally, OFAC administers a licensing program through which it reviews and then authorizes or denies requests to conduct certain transactions or activities that would otherwise be prohibited. OFAC is continually evaluating and adjusting its sanctions programs to ensure that it is prohibiting illicit activity, while allowing activity that is consistent with or advances U.S. national security and foreign policy. The Committee also recognizes the importance of safeguarding humanitarian assistance to vulnerable populations in targeted sanctioned regimes. With respect to the People's Republic of China, the Committee believes that flexible targeted sanctions are also generally more appropriate tools to change the behavior of Chinese entities than broad-brush restrictions on outbound investment, which fail to prevent foreign capital flows to bad actors, are difficult to coordinate with U.S. allies and multilateral partners, and are unaccountable to Congress for the achievement of discrete policy goals. The Committee supports the FY 2021 Budget request for increased funding for OFAC.

OFFICE OF TECHNICAL ASSISTANCE

The Department of Treasury's Office of Technical Assistance (OTA) does critically important work by providing technical assistance to strengthen the capacity of finance ministries, central banks, and other government institutions in developing and transitional countries to manage public finances and effectively oversee the financial sector. OTA supports U.S. foreign policy and national security objectives by facilitating in these countries policy and administrative reforms in the areas of budget planning, effective revenue collection, judicious debt management, sound banking systems, and robust financial sector supervision. Also, given that the challenges we face in the fight against terrorism and other illicit financing are often transnational, no nation can protect itself from these threats without cooperation from others. In this area, the work of OTA is again critical to creating effective partners abroad by helping countries build the human and institutional capacity to develop strong controls to combat corruption, financial crimes, and terrorist financing. The Committee strongly supports Treasury's request for $33 million for its Office of Technical Assistance, which represents a $3 million increase over FY 2020.

INSPECTORS GENERAL

The Committee supports robust funding for inspector general offices to conduct oversight of the Trump administration. In 2019, the offices of the inspectors general within the Committee's jurisdiction uncovered and reported numerous instances of waste, fraud, abuse and mismanagement, including vulnerabilities in agency cloud systems; deficiencies in agency supervision of cybersecurity risk management; ineffective information security programs; the misuse of agency funds; unacceptable delays and continuing material deficiencies in processes used to respond to investigators' requests for electronically-stored information; and flaws in infrastructure support service contract management. The offices of inspector general must be adequately funded to ensure their continued success.

CLIMATE CHANGE

Global climate change is occurring more rapidly than at any point in history, primarily because of human activities catalyzing the release of heat-trapping greenhouse gases. The varied impacts of climate change evident in every region of the United States have had an adverse effect on the macroeconomy and will continue to do so in the future if uninterrupted. A changing climate also will create risks and pressures for the U.S. Government to spend more money on many of its programs, including disaster relief and federal insurance payments for property and crops. According to the GAO, "There were 14 separate billion-dollar weather and climate disaster events in the U.S. in 2018—with a total cost of at least $91 billion."

Relatedly, the Federal Reserve Bank of San Francisco found that climate change increases the risk to financial institutions by increasing the potential for loan losses and bankruptcies caused by extreme weather. The Committee urges the Federal Reserve and other regulators to address this growing risk by engaging all of their regulatory authorities, including financial stability tools under the Dodd-Frank Act, such as incorporating climate-related losses into supervisory stress tests of big banks.

Similarly, extreme weather events caused by global climate change are exacerbating our nation's affordable housing crisis, which studies have shown disproportionately affects low-income communities and communities of color. In the face of a rapidly changing climate and an aging housing stock that was not built to withstand such conditions, the Committee acknowledges the need to enhance the resiliency and environmental sustainability of our nation's housing infrastructure, and to build more environmentally just communities. To further these goals, the House passed H.R. 3702, "The Reforming Disaster Recovery Act of 2019," which permanently authorizes and reforms the CDBG-Disaster Recovery program and promotes fair and equitable disaster recovery.

The Committee also fully recognizes that the effects of climate change are creating unprecedented risks to companies and investors and that current securities disclosures fail to fully reflect the contours of these risks. To protect investors and ensure the market is able to adequately and accurately assess the risks posed by global warming, the Committee passed H.R. 3623, the "Climate Risk Disclosure Act", to require public companies to disclose in their annual reports information relating to the financial and business risks associated with climate change.

FINANCIAL TECHNOLOGY, ARTIFICIAL INTELLIGENCE, AND RESPONSIBLE INNOVATION

The Committee supports the advancement of responsible innovation in financial services. Advancements in machine learning, artificial intelligence, cloud computing, payments, and identity are areas where innovations are rapidly altering the financial marketplace. For example, consumers can send money to friends and family and make purchases with their mobile devices, small businesses can receive short-term loans with terms favorable to their business needs, and financial institutions can streamline business operations and provide better consumer experiences. However, as these changes occur, Congress must maintain a strong legal framework where regulators are equipped with the resources, training and tools necessary to ensure that advancements in financial services do not harm consumers, threaten privacy, undermine financial stability, or promote discriminatory practices. Specifically, Congress must ensure that consumer's data and identities are protected, and that sensitive financial information is only shared with active consumer consent. Further, as real-time payments and digital currencies emerge, it is important that the United States remains a global leader in the financial services industry by ensuring our offerings are secure and safe from cyberattacks.

RISK TRANSFER

It is the Committee's view that Federal agencies and departments that hold credit, guarantee, or insurance risk that exposes the taxpayer to potential losses should explore and, to the extent practical and appropriate, employ risk transfers to the capital and reinsurance markets. De-risking federal programs by transferring risk can help mitigate the real-world impact of potential losses from both significant events during extraordinary economic conditions (e.g., a wave of housing foreclosures) and unanticipated or extraordinary events (e.g., increased frequency of natural catastrophes and damage from hurricanes or flooding). Risk transfers have successfully been demonstrated to minimize taxpayer exposure, help reduce the disaster protection gap, decrease insurance premium levels for consumers, promote price transparency and reduce economic losses associated with catastrophic events. The Committee will examine the effectiveness of Credit Risk Transfer in all economic environments. The Federal Housing Finance Agency, the National Flood Insurance Program, and the Export-Import Bank currently employ and have benefitted from the use of risk transfers, which shows the ability of different federal agencies to manage their risks and mitigate potential losses embedded in their portfolios.

CECL

The Committee is concerned with the Financial Accounting Standards Board's (FASB) Current Expected Credit Loss accounting standard (CECL). The Committee has heard from numerous stakeholder groups including consumer advocacy groups, minority depository institutions, banks of all sizes, and credit unions regarding how the proposed standard will significantly limit access to credit for low- to- moderate income minority consumers. Troublingly, multiple stakeholders have also shared macroeconomic concerns due to the procyclical nature of the proposed standard. If fully implemented, CECL may exacerbate a downturn by restricting lending and limiting access to credit, thereby having a direct impact on U.S. Federal receipts and the budget of the United States.

MINORITY VIEWS

The following represent the views of the Republican Members of the Committee on Financial Services for consideration during the development of the Concurrent Resolution on the Budget for Fiscal Year 2021.

THE GREAT AMERICAN COMEBACK

Under the Trump Administration, Americans are experiencing the best economy in decades. Unemployment in the United States **reached a 50-year low of 3.5 percent in 2019** and now hovers at 3.6 percent. For 22 consecutive months through December 2019, the number of job openings exceeded the number of unemployed persons available to fill them. The unemployment rate for **African Americans, Hispanic Americans, and Asian Americans dropped to their lowest levels on record** in 2019.

The **labor force participation rate is at its highest level in seven years** (63.4 percent), including 2.2 million prime age workers (25-54) who have reentered the labor force. Over the last eighteen months, workers have seen the **strongest earnings since the recession at 3.1 percent year over year** – with average hourly earnings growing a minimum of 3 percent each month.

To help spur economic growth, the Trump Administration over the last three years, **cut regulatory burdens from the previous Administration by $45 billion**. During that same time period, the economy added **seven million jobs.**

The facts are irrefutable. Americans are thriving thanks to Republican pro-growth policies. It is now our duty to continue to build on these gains and ensure the United States remains the economic center of the free world. That means fostering vibrant financial markets that support small businesses and families. It means protecting our national interests. It means seeking housing affordability through greater choice and competition, not social fiat.

We are concerned by trends in the Committee and among Democrats in Congress seeking to socialize American domestic and economic policies. These dangerous proposals will jeopardize the availability of credit to low and middle-income Americans, encourage students to take on more debt than they will be able to repay, and jeopardize retirement savings for all Americans.

In contrast, Republicans' free market economic policies and innovative ideas will continue to lead to job creation, a thriving economy, and the wellbeing and prosperity of all Americans.

RIGHTSIZING REGULATION TO SPUR ECONOMIC GROWTH

Implementing Regulatory Reform: Since the Dodd Frank Act's enactment and the more than 400 regulations that resulted from the Act, Republicans have worked to tailor regulations that are better able to serve consumers and small businesses while at the same time ensuring the safety and soundness of the financial system. The enactment of the bipartisan *Economic Growth, Regulatory Relief, and Consumer Protection Act* (S. 2155) in 2018, and the subsequent regulatory reforms that followed, have led to greater economic growth and competition in the markets – benefiting consumers, families, and small businesses.

Republican views:

- The partisan Dodd Frank Act increased the cost of compliance at financial institutions across the country ultimately harming consumers, families, and small businesses by limiting choice and decreasing access to affordable credit.

- Dodd Frank's regulatory regime limited economic growth and job creation.
- Consumers and small businesses have felt the impact first-hand with fewer and more expensive financial products and services.
- Committee Republicans support regulatory right-sizing initiatives to ensure our financial system works for all Americans, while preserving safety and soundness.
- Financial regulators should continue to review and update outdated regulations that do not contribute to the modern financial services landscape. We applaud prudential regulators for taking swift action to ensure regulations are appropriately tailored and urge them to continue their efforts.

PROTECTING AND EMPOWERING CONSUMERS

Protecting Consumers: The Financial Services Committee is charged with overseeing the implementation of federal financial consumer protection laws and federal financial regulatory agencies' efforts to enforce the statutes in place. In carrying out these oversight responsibilities, Committee Republicans support thoughtful legislation that removes undue burdens on consumers and the businesses that serve them – unleashing competition, economic growth and prosperity for all.

Consumer Financial Protection Bureau: The Dodd Frank Act created the most unaccountable bureaucracy ever, the Consumer Financial Protection Bureau (CFPB). The CFPB is a federal agency charged with regulating credit providers and other consumer financial products and services. The CFPB is run by a single Director who is appointed by the President and confirmed by the Senate. However, once confirmed, the Director is only removable for "inefficiency, neglect of duty, or malfeasance in office." Additionally, the CFPB operates outside the Congressional appropriations process, instead receiving funding through direct transfers from the Federal Reserve System. The Dodd Frank Act makes clear that the CFPB is an "independent bureau," with no accountability to Congress or the Federal Reserve System with respect to its budget or operations. Unlike other federal financial regulatory agencies, the CFPB does not have an executive board nor does it have a dedicated Inspector General.

Republican views:

- The CFPB's structure is unconstitutional.
- Its funding mechanism makes it unaccountable to the President, Congress, and the American people.
- Committee Republicans commend current Director Kathy Kraninger's efforts to improve the agency by supporting reforms that enhance accountability and increase transparency for entities and consumers alike.
- Committee Republicans continue to push for reforms to the CFPB's unconstitutional structure, leadership organization, and operations.
    - Reforms include subjecting the CFPB to the annual appropriations process, calling for the CFPB to be led by a five-member commission and reforming the CFPB's statutory mandate to ensure that it considers and seeks to promote robust market competition.
- Despite Committee Republicans' repeated attempts to implement these commonsense structural changes, Democrats have instead worked to hamstring the current CFPB Director, solely based on her political affiliation.
- Republicans continue to believe the CFPB lacks the statutory authority to supervise compliance with the Military Lending Act, as repeatedly stated by the Director in testimony before the Committee. The Committee should, therefore, provide the Bureau with its requested authority by passing H.R. 2904, the *Financial Protection for our Military Families Act*, to give servicemembers the reliable financial services they deserve.

PROMOTING FINANCIAL INNOVATION AND INCLUSION

Offices of Financial Innovation: Several federal financial regulatory agencies have established Offices of Innovation to promote new and innovative financial products in a responsible way. These offices should prioritize investor and consumer protections, as well as address safety and soundness concerns, while prioritizing the evolving needs of investors, consumers, and the financial markets.

Republican views:

- Financial innovation is key to expanding financial services and products to low- to middle-income consumers. However, the U.S. financial regulatory structure is complex, overlapping, outdated, and fragmented.
- Regulators should provide more clarity to innovators and promote responsible innovation through pilot programs, no-action letters, and other initiatives.
- Committee Republicans remain concerned by the lack of uniformity and coordination among the various Offices of Innovation and will continue to advocate for a framework that promotes responsible innovation.

STRENGTHENING INVESTMENTS IN AMERICA'S SMALL BUSINESSES

The Securities and Exchange Commission: The SEC's three-part mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

Republican views:

- Under the previous Administration, the SEC wasted thousands of man-hours and tens of millions of dollars in pursuit of Dodd Frank Act mandates that were irrelevant to its three-part mission.
  - This included promulgating rules on political and social issues unrelated to the causes of the financial crisis. These rules distracted investors from the disclosure of material information.
- The SEC should pursue an agenda that adheres to its mission to promote free markets, job creation, innovation, and investor choice.
- Committee Republicans support the SEC's capital formation agenda under Chairman Clayton. This agenda includes the SEC's "test-the-waters" rule, which allows issuers to sample the response prior to a possible public offering.
- Republicans also support the SEC's proposed amendments to more appropriately tailor the accelerated filer and large accelerated filer definitions to reduce the costs for certain lower-revenue companies.
- Committee Republicans urge the SEC to continue prioritizing capital formation for America's startups and small businesses.
- Additionally, the SEC should continue in its efforts to address the disparities between the public and private markets by prioritizing emerging growth companies, investment crowdfunding, and increasing access to private markets for retail investors.

CREATING OPPORTUNITIES FOR EVERYDAY INVESTORS AND PROTECTING AMERICANS' SAVINGS

Expanding Investor Access: From 1996 to 2018, the number of exchange-listed public U.S. companies decreased by approximately half. Since most everyday Americans, or retail investors, are generally limited to investments in public companies, investment opportunities available to everyday Americans has declined –

limiting the ability of individuals and families to save for their futures.

Republican views:

- Too many Main Street Americans are missing out on the investment opportunities and returns from the initial high-growth phases of most companies. The high-growth phase in a company's lifecycle are increasingly financed through the private markets.
- Congress last stepped up to increase investment access for everyday Americans through the bipartisan JOBS Act of 2012. This effort led to Regulation Crowdfunding and Regulation A+ among other important reforms. Since then, congressional action has been replaced by regulatory action under the direction of Chairman Clayton.[1]
- It is time for the Financial Services Committee to consider bold action to grow investment opportunities for all Americans.
  - Committee Republicans support expanding investment opportunities for publicly offered pooled investment vehicles; expanding the definition of "accredited investor;" and/or expanding ways for early employees, contractors, and early adopters of a product to invest in a company.
- These initiatives will benefit everyday investors by expanding their access to the markets and allowing more Americans to build the American dream.

COMBATTING THE GROWING THREAT OF CHINA

Addressing the Threat Posed by the Chinese Regime: China remains a global threat and the Committee believes a whole of government approach is necessary. This includes using leverage at our international financial institutions and sanctioning authority.

In December 2018, the Trump Administration announced that it would oppose any change to the existing quotas at the IMF. The Committee appreciates that this action prevented an increase in IMF shareholding for the governments of Russia and China. Strengthening the shareholding of Moscow and Beijing would have advanced the interests of two brutal regimes that demonstrate little commitment to international values and principles, including respect for basic human rights.

The Committee further supports the Administration's efforts to graduate the People's Republic of China from World Bank assistance given that China already exceeds the Bank's Graduation Discussion Income and possesses more than $3,000,000,000,000 in foreign exchange reserves.

Through its oversight, the Committee will seek to ensure that OFAC imposes sanctions pursuant to the Otto Warmbier North Korea Nuclear Sanctions and Enforcement Act of 2019, including designations for any Chinese entities engaged in sanctionable activities with respect to North Korea.

With respect to the People's Republic of China, the Committee believes that flexible targeted sanctions are generally more appropriate tools to change the behavior of Chinese entities than broad-brush financial prohibitions characterized by indiscriminate targeting and unclear objectives.

Export-Import Bank: The Export-Import Bank is an independent agency providing taxpayer-backed export financing through various loan, guarantee, and insurance programs. The Export-Import Bank was recently reauthorized through December 31, 2026.

[1] *See, e.g.*, Concept Release on Harmonization of Securities Offerings (Jun. 18, 2019), *available at* https://www.sec.gov/rules/concept/2019/33-10649.pdf; *see also* Amending the "Accredited Investor" Definition (Dec. 18, 2019), *available at* https://www.sec.gov/rules/proposed/2019/33-10734.pdf.

Republican views:

- The new requirements, championed by Committee Republicans and included in the most recent reauthorization of the Bank, will allow American exporters to compete with China and put greater scrutiny on transactions benefiting the Chinese government.
- The Program on China and Transformational Exports, the new national interest review requirement with respect to transactions involving the Chinese government, and the higher mandate for direct small business exports will strengthen American exporters' ability to compete in the global market.
    - While these Republican priorities were ultimately included to ensure the Bank is working for our national interest, rather than against it, Democrats blocked other policies that would have met the challenges of China more aggressively.
- Committee Republicans are opposed to using taxpayer-backed financing to fund the Chinese Communist Party and their human rights abuses, debt trap diplomacy, and theft of U.S. intellectual property.
- We appreciate the Trump Administration's work to reach a Phase One China trade deal that works to address the concerns Democrats turned a blind eye to in this reauthorization process.
- In addition to the new requirements, Committee Republicans are committed to supporting rigorous oversight of the Bank's operations and governance. Oversight will protect taxpayers from the risk associated with those operations, ensure the Bank's activities complement rather than supplant the private market, and adequately address waste, fraud, and abuse from within or related to the Bank.

Committee on Foreign Investment in the United States: The Committee on Foreign Investment in the United States (CFIUS) is a multi-agency panel chaired by the Secretary of the Treasury and charged with analyzing proposed foreign direct investment. CFIUS is responsible for identifying and, potentially, mitigating any threat to national security a proposed transaction might present. CFIUS is currently facing increased challenges, such as dealing with increased investments by China's aggressive, state-driven industrial policy in critical U.S. technologies that have potential military applications.

Republican views:

- Committee Republicans support efforts to bring more certainty to the resources CFIUS needs, including financial and human, to ensure appropriate reviews. Each agency that plays a formal role in the CFIUS process, and other agencies with expertise in a particular transaction, contributes staff to the CFIUS review of a transaction.
    - Apart from outside agency roles, the Department of the Treasury performs a "ministerial" role, including arranging meetings of agency staff and scheduling transactions for consideration. Thus, the Department of Treasury has a need for staff to be directly assigned to CFIUS.
- The President and the Department of the Treasury have committed to implementing a well-functioning and effective CFIUS process. Committee Republicans support the Treasury Department's longstanding commitment to the United States' open investment climate and its contributions to the national interest, consistent with national security considerations.
- We support the Treasury Department's efforts to implement the Foreign Investment Risk Review Modernization Act of 2018, and the Department's adherence to congressional intent in tailoring CFIUS's work to respond to national security priorities.

International Monetary Fund: The International Monetary Fund (IMF) seeks to ensure the stability of the international monetary system and provides loans to countries that are experiencing balance of payment problems. The IMF also provides technical assistance to low and middle-income countries intended to help such countries effectively manage their financial affairs.

Republican views:

- Committee Republicans will continue to monitor the operations of the IMF's lending programs to ensure that Treasury is managing risk effectively and securing the timely repayment of taxpayer funds.
- Committee Republicans urge the Administration to advocate for greater fiscal discipline and budget transparency in countries borrowing from the IMF.

Multilateral Development Banks: The multilateral development banks (MDBs) provide concessional lending and grants to the world's poorest countries and engage in non-concessional lending to low and middle-income creditworthy countries. The U.S. determines the level of its support to MDBs through pledges made by the Treasury Department on behalf of the U.S. to international organizations. Pledges are subsequently considered and funded by Congress through the appropriations process.

Republican views:

- Previous Administrations have over-committed the United States in such pledges. Committee Republicans recommend the Administration refrain from making commitments that the U.S. is not prepared to fully fund.
- The Department of the Treasury should ensure that governments receiving assistance from the MDBs refrain from human rights abuses and corrupt activities as a condition of continued funding.
- MDBs should undertake rigorous program evaluations and forensic audits to ensure that U.S. taxpayer contributions are not squandered on ineffective initiatives. This includes providing MDB staff with appropriate incentives so that poverty reduction and knowledge creation are prioritized.

STRENGTHENING NATIONAL SECURITY AND FIGHTING TERRORIST FINANCING

Strengthening, Simplifying, and Updating the Bank Secrecy Act: The current anti-money laundering (AML)/countering the finance of terrorism (CFT) legal regime has seen small changes since the Bank Secrecy Act (BSA) was enacted in 1970 and must be modernized. Reforms are needed to reflect advances in technology; address undue regulatory burdens on financial institutions; while at the same time strengthen national security and deter illicit use of the financial system.

Republican views:

- Committee Republicans support modernizing the BSA to address gaps in the AML/CFT regime.
    - FinCEN's adoption of the Customer Due Diligence rule in May 2016 and the Financial Action Task Force's evaluation of the domestic AML/CFT regime later in December 2016 demonstrate the need for reform.
- We support prioritizing the resources that U.S. financial institutions direct toward AML/CFT efforts. This ensures the legal regime is responsive to the compliance burdens of financial institutions and to the needs of law enforcement to have a more complete, and detailed, picture of illicit financial activity.

U.S. Department of Treasury's Office of Terrorism and Financial Intelligence: The Office of Terrorism and Financial Intelligence (TFI) coordinates the Treasury Department's efforts to stop terrorism financing, money laundering, and similar forms of illicit activity financing through its Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN). TFI also works alongside the Office of Technical Assistance (OTA) to build capacity. As a major component within TFI, OFAC is responsible for administering U.S. sanctions against drug traffickers, human rights abusers, and rogue nations; while FinCEN receives, analyzes, and makes available to law enforcement data reported by financial institutions on activities that potentially indicate violations of the law.

Republican views:

- Fighting terrorist financing and the financing of criminals in a global and increasingly digital financial system requires extreme diligence.
- Committee Republicans support appropriate funding for TFI that will enhance national security and allow Treasury to continue to apply maximum economic pressure to isolate rogue nations, such as North Korea; and allow sanctions programs to achieve demonstrable results in the national interest.
- Committee Republicans support responsible reforms to strengthen TFI's accountability to Congress and its ability to meet new challenges posed by the increased number of threats from North Korea, terrorist organizations, and drug trafficking organizations that are fueling the opioid crisis.
- The Department of Treasury's OTA's efforts help strengthen ministries of finance, develop more effective means of public finance and government debt management, assist with the development of anti-money laundering, and counter terrorist financing regimes around the world.
- Committee Republicans fully support OTA's mission to help developing and transitioning nations establish the building blocks of a modern market economy.
    - A government that builds effective public financial institutions and maintains effective oversight of private institutions can become a valuable partner in the global effort to combat terrorist financing.

COMBATTING DEMOCRATS' RADICAL SOCIALIST AGENDA

Financial Transactions Tax Proposals: House Democrats and Democratic Presidential candidates alike have offered financial transaction tax (FTT) proposals as mechanisms to pay for their massive new government spending. These proposed FTTs would be a new, additional tax on top of already-existing income taxes, capital gains taxes, and corporate taxes. Modern versions of FTTs are taxes on financial transactions typically involving stocks, bonds, and derivatives.

Republican views:

- The FTT is a tax on Americans' retirement savings.
- Committee Republicans oppose any FTT proposal because it would harm middle-income Americans - taxing their pensions and 401(k)s.
- Democrats' claims that the FTT would only impact the wealthiest investors are false. The FTT will be paid for by all investors, including pensioners and everyday investors saving for retirement or their child's college education.
    - The FTT is applied each time a financial transaction is conducted. This includes transactions of mutual funds, which 43.9 percent of U.S. households own.
- One study indicates that with the imposition of an FTT, a typical mutual fund investor may have to work an additional two-and-a-half years to achieve the same retirement goal.[2] The same study indicates that everyday Americans saving for college may have to save roughly $250 more per year for 20 years for every child to achieve the same savings account balance that would have existed absent the FTT.[3]
- Several countries with more advanced financial markets have implemented FTTs and failed, including Sweden, Italy, and France. An economic analysis of a proposed (and ultimately rejected) trans-European Union FTT showed that the proposal would slow economic growth by nearly one percent a year.

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[2] *See* Vanguard, *Main Street investors at risk: A financial transaction tax would harm everyday savers*, *available at* https://www.napa-net.org/sites/napa-net.org/files/Vanguard_financial%20transaction%20tax_090419.pdf.
[3] *See id.*

Further, the Congressional Budget Office has already scored one version of the FTT, estimating that the tax would "immediately lower the value of financial assets."[4]

Credit Reporting: Democrats continue to pursue a legislative strategy to socialize credit reporting by requiring accurate, but adverse, credit information be removed from consumer credit reports, jeopardizing the ability of consumers to access affordable credit.

Republican views:

- There is bipartisan agreement that certain aspects of the credit reporting process need reform but removing predictive information from the process undermines the role credit reports play in the underwriting process and ultimately providing consumers access to credit.
- Credit history is a critical tool that financial institutions use to understand a consumer's history and ability to repay. Requiring the expedited removal of debt from such reports will undermine the safety and soundness of financial institutions and the financial system more broadly, which will further impact less-than-pristine borrowers and their ability to access credit.
- Committee Republicans support policies that protect consumers' private information such as limiting the use of social security numbers and ensuring credit reporting agencies are properly supervised for cybersecurity threats.
    - Committee Republicans support removing certain negative information from credit reports such as paid non-elective medical debt and debt resulting from predatory or abusive financial practices.
- The Committee should focus its efforts on better understanding the role data aggregators play in acquiring consumer financial information. While the Gramm Leach Bliley Act requires financial institutions to disclose their information sharing practices, technology has facilitated the use of data by third parties.

Student Loan Debt: Democrats continued what they started in 2010 by nationalizing the student loan program. Instead of pursuing reforms to address the $1.5 trillion federal student loan crisis, including addressing the rising cost of higher education or the lack of underwriting standards in the federal program, Democrats continue to crowd out private student lenders and student loan servicers

Republican views:

- Students benefit from having choice when pursuing their higher education. These choices have been limited since Democrats nationalized the student loan industry in 2010. The result is a $1.5 trillion student loan crisis.
- Democrat attempts to further limit choice by crowding out the remaining private student lenders will only exacerbate the crisis.
- Committee Republicans believe student borrowers will benefit from increased choice and competition, which lowers the cost of credit for all student borrowers. Moreover, the low default rates and high repayment rates of private student loans demonstrate the steps that should be taken to get the loan crisis under control. Committee Republicans support comprehensive and thoughtfully crafted legislation that has been drafted by the committees of jurisdiction.

[4] *See* Congressional Budget Office, *Impose a Tax on Financial Transactions*, (Dec. 13, 2018), *available at* https://www.cbo.gov/budget-options/2018/54823.

SAVINGS FOR THE AMERICAN TAXPAYER

Government Risk Transfers: Government risk transfers have been successfully used by agencies within the Committee's jurisdiction to minimize taxpayer exposure, promote price transparency, and enhance market liquidity. The use of risk transfers demonstrates the ability of different federal agencies to work with the private sector to manage their risks and mitigate potential losses embedded in their portfolios.

Republican views:
- Federal agencies and departments that hold credit, guarantee, or insurance risk that exposes taxpayers to potential losses should explore and strive to employ risk transfers to the capital and reinsurance markets.
- De-risking federal programs by transferring risk to private sector entities willing and capable of bearing risk can help mitigate the real-world impact of potential losses from unanticipated risk.

Identifying Waste, Fraud, and Abuse: The effort to identify and root out waste, fraud, and abuse in the federal government reflects a desire to strengthen government programs so they can serve constituents more effectively and efficiently. The Government Accountability Office (GAO) alone has identified hundreds of billions of dollars in potential savings from recommendations to strengthen government operations that are at high risk, or that need broad-based transformation.

Republican views:
- Whistleblowers and other sources of information can assist in the effort to develop a comprehensive inventory of programs that could be strengthened to better serve Americans.
- To identify such allegations, Committee Republicans established a whistleblower hotline to allow federal employees, contractors, and the public to submit information or share concerns.
- Taxpayers benefit from committing investigative resources to identify and root out allegations of waste, fraud, and abuse at the federal agencies within the Committee's jurisdiction.

Offices of Inspectors General: Congress created the community of inspectors general (IGs) to establish independent and objective units within each agency whose duty it is to combat waste, fraud, and abuse in the programs and operations of that agency. The IGs conduct audits and investigations in support of their shared mission to reduce costs and improve efficiency throughout the federal bureaucracy.

Republican views:
- Committee Republicans recognize the savings arising from the IG community's recommendations can only be realized when those recommendations are implemented by the agency.
- The IGs periodically report their inventory of unimplemented recommendations—those for which the agency has been unable or unwilling to take corrective action. Those reports yield valuable data for policymakers seeking to improve the efficiency and effectiveness of the federal government.
- Committee Republicans support the efforts of the community of inspectors general and urge agencies to implement outstanding recommendations.

CREATING AFFORDABLE HOUSING

Fannie Mae and Freddie Mac: The Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, are government-chartered public companies that purchase mortgages from lenders and package them into mortgage-backed securities (MBS), which they guarantee and sell off to investors. The GSEs have been in conservatorship under the auspices of their regulator, the Federal Housing Finance Agency (FHFA), since their financial collapse in September 2008. As of December 2019, the two GSEs owned or guaranteed more than $5 trillion in single-family mortgages—roughly half of the outstanding single-family mortgage debt in the United States. When combined with the portfolio of the Government National Mortgage Association (Ginnie Mae), a wholly-owned government corporation within the Department of Housing and Urban Development that guarantees the timely payment of principal and interest of an additional $2 trillion residential mortgages, these three government or quasi-government institutions control more than $7 trillion of the U.S. housing mortgage finance market.

Republican views:

- The GSEs pose a continued risk to taxpayers, especially through their expanded activities and the further consolidation of their dominant market share.
- Twelve years have passed since the housing market collapsed and the GSEs' financial collapse. Despite recent improvements to their corporate balance sheets, the GSEs' model is inherently flawed and unsustainable without taxpayer support.
- Committee Republicans support legislative initiatives to reform the GSEs' operations and replace their failed business model with one that protects taxpayers, enhances consumer choice in mortgage financing, encourages private sector investment and innovation, and eliminates moral hazard.
- Committee Republicans are also concerned about the continued financial risks to taxpayers posed by the GSE "QM Patch." The QM Patch provides that any mortgage purchased by Fannie Mae or Freddie Mac before January 2021 is automatically deemed to be a Qualified Mortgage for purposes of the Ability to Repay rule regardless of the loan's underwriting attributes. As a result, lenders have been encouraged to make and sell to the GSEs loans that otherwise would not have been made without the QM Patch.
    - The risks associated with such loans are transferred from lenders' balance sheets to taxpayers. Accordingly, Committee Republicans believe the QM Patch should be allowed to expire as scheduled in 2021 as part of the CFPB's updating of a revised Ability to Repay rule.

Department of Housing and Urban Development: The Department of Housing and Urban Development (HUD) is primarily responsible for implementing and overseeing federal housing assistance programs. HUD administers a number of programs, such as rental assistance programs for lower-income families, homeless assistance programs, community development programs, the Federal Housing Administration's (FHA) mortgage insurance programs, Ginnie Mae's MBS guarantee program, fair housing programs, and programs that aid community and neighborhood development and preservation.

Republican views:

- Republicans should pursue innovative proposals to assist HUD in meeting its mission "to create strong, sustainable, inclusive communities and quality affordable homes for all."
- In the past, HUD's mission was measured by how many programs were created and how many taxpayer dollars were appropriated.
    - Yet, 55 years later and more than $1.7 trillion in total appropriations, it is unclear whether HUD has met its mission. HUD remains overly bureaucratic and fails to set priorities that define its mission.
- Committee Republicans believe that HUD needs to be restructured and its mission refined to ensure the root causes of poverty are identified and addressed.
    - Restructuring would allow HUD to streamline its operations, including deploying its human capital resources in a more efficient and effective manner. Such reforms would result in both greater budget savings for taxpayers and targeted assistance to individuals with the most acute need.
- Additionally, Committee Republicans support the goals of HUD's Rental Assistance Demonstration

(RAD) program.
  - Created under the Obama Administration, RAD works to make more capital available to maintain or rehabilitate public housing. RAD makes private sector financing options available to public housing authorities (PHAs) in order to maintain their public housing stock by converting it to Project Based Rental Assistance.

Enhancing Housing Choice Portability: Currently, the Section 8 program provides housing assistance to over three million low-income families and individuals each year in one of two ways: tenant-based rental assistance (for which $22.598 billion was appropriated in FY19) and project-based rental assistance (for which $11.747 billion was appropriated in FY19). Tenant-based rental assistance vouchers are semi-portable subsidies that low-income individuals can use to offset part of their rent in the private market with any participating housing provider. By contrast, project-based rental assistance is a subsidy attached to a unit of privately-owned housing that houses low-income tenants. If the family moves, the subsidy remains with the unit of housing.

Republican views:
- Committee Republicans question the effectiveness of the current voucher program in facilitating low income families' access to affordable housing, employment, or education opportunities.
- The tenant-based rental assistance voucher program should be enhanced to encourage housing assistance recipients move to areas with greater opportunities.
- The Housing Choice Voucher Mobility Initiative, which was enacted on February 15, 2019, is the product of years of prior work by the Committee.
  - The Initiative will facilitate collaboration between different jurisdictions ultimately providing families with greater economic opportunity.

Homelessness: The federal government's primary tool for combatting homelessness is HUD's Homeless Assistance Grants program. The Homeless Assistance Grants program funds a variety of programs that address the needs of individuals and families experiencing homelessness, mainly through the Continuum of Care process. Another program, the HUD-VASH voucher program, a joint program between HUD and the Department Veterans Affairs, specifically addresses homelessness in the veterans' community.

Republican views:
- Homelessness remains a persistent, serious, and costly problem that requires a coordinated effort to address. Although each state faces its own set of homelessness challenges, statistics show that homelessness is more prevalent in states with large, metropolitan areas than states that are more rural in nature.
  - According to data from HUD, the homeless population in states like New York and California has increased since 2007. The data also reveals the homeless population decreased by more than 30 percent in states like Texas, Florida, and Michigan over the same time frame.
- Reducing homelessness is an urgent priority best addressed through a broader, community-wide response that engages every level of government and follows the examples of states that have proven track records of enacting effective solutions to reduce their homeless populations.
- Republicans have also sought to ensure that recipients of rental assistance are not compelled to participate in Housing First to the detriment of other available resources such as faith-based resources. The solution to end homelessness should not be limited to one program over another but in making all resources available.

PROTECTING INSURANCE

State Regulation of Insurance: For 150 years, U.S. insurance companies of every kind—including property/casualty, life, reinsurance, health, and auto—have been regulated primarily by the states. Congress and the states have occasionally reviewed the effectiveness of the state-based regulation of insurance and coordinated efforts to achieve greater regulatory uniformity. In 1945, Congress passed the McCarran-Ferguson Act, which confirmed the states' regulatory authority over insurance except where federal law expressly provides otherwise. Under the McCarran Ferguson Act, each state designates an insurance official who is charged with (1) overseeing the solvency of insurance companies doing business in the state; and (2) regulating insurers' rates and forms as well as their underwriting and market practices.

Committee's View: The current regulatory framework governing insurance has facilitated the creation of a robust, competitive, and innovative insurance market. This market has protected American consumers for more than 150 years without passing new costs on to federal taxpayers. Committee Republicans believe the best way to maintain a healthy insurance market and to protect consumers is through state, not federal, regulation. To that end, Committee Republicans believe that Congress should not invalidate, impair, or supersede any law enacted by any state for the purpose of regulating the business of insurance.

IMPLEMENTING RESPOSNIBLE OVERSIGHT

Financial Stability Oversight Council and Office of Financial Research: Established by the Dodd Frank Act, the Financial Stability Oversight Council (FSOC) is an interagency body comprised of the principles of the federal financial regulatory agencies. FSOC is tasked with identifying and responding to risks and emerging issues that threaten the stability of the United States financial system. The Office of Financial Research (OFR) supports the FSOC in fulfilling its duties by conducting research, analyzing financial data, and examining financial standards. The OFR is funded outside of the congressional appropriations process through fees assessed from large financial institutions.

Republican views:
- The FSOC should focus on appropriate responses to emerging threats and risks, particularly those that are uncertain or poorly understood.
  - This includes cybersecurity, illicit finance, the Libor transition, repo market volatility, the student debt crisis, and housing finance reform.
  - Additionally, there are several global concerns that pose risks and threats to the financial system and economy more broadly, including the global impact of an already slowing Chinese economy, now worsened by the coronavirus, and continued weaknesses in the financial sectors of Eurozone members.
  - Committee Republicans believe the Current Expected Credit Loss (CECL) accounting standard will adversely impact the cost and availability of credit once fully implemented.
  - Banks of all sizes have outlined the implications this new accounting standard will have on popular consumer products, especially during economic downturns.
  - Committee Republicans believe the Committee should continue to highlight the negative impact the standard will have on consumers.
- FSOC should continue to study the impact of these risks and the appropriate responses, including legislative responses.
- Committee Republicans remain concerned about the scope, redundancy, and potential misuse of the OFR's powers as well as Congress' limited oversight of the OFR and its independent budget authority.

Fostering Corporate Best Practices: Federal financial agencies have undertaken several initiatives to promote greater economic opportunity throughout the financial services industry, including, but not limited to, Section 342 of the Dodd Frank Act, which established Offices of Minority and Women Inclusion (OMWI) within various federal financial regulatory agencies.

Republican views:

- Committee Republicans support increased economic opportunities for all and increased participation for under-represented populations in all aspects of the financial services industry.
- We support the efforts of the OMWIs to obtain and analyze data to ensure resources are deployed in the most effective and efficient way to increase participation and opportunity.

PROMOTING BIPARTISANSHIP

Committee Republicans have and will continue to work with Committee Democrats on policies that promote the free market, protect the financial system, grow the economy, create more jobs, and strengthen national security. To that end, Republicans worked with Committee Democrats during the markup of the Democrats 2021 Budget Views and Estimates to:

- **End Child and Youth and Veteran Homelessness**. Rep. Stivers (R-OH) offered an amendment that was accepted during the markup by the Democrats to highlight the problem of child, youth and veteran homelessness and the need for the Committee to look broadly data to identify new strategies to end the problem.
- **Highlight the Committee's concern about the impact of the Current Expected Credit Loss (CECL) accounting standard**. Rep. Luetkemeyer (R-MO) offered an amendment that was accepted during the markup by Committee Democrats expressing the Committee's concern with CECL and the impact it will have on access to credit for low-to-moderate income and minority consumers. Multiple stakeholders have shared macroeconomic concerns due to the procyclical nature of the proposed standard. If fully, implemented, CECL may exacerbate a downturn by restricting lending and limiting access to credit, thereby having a direct impact on U.S. Federal receipts and the U.S. budget.
- **Highlight the importance of employing risk transfers to the capital and reinsurance markets**. Mr. Luetkemeyer (R-MO) offered an amendment that was accepted during the markup by Committee Democrats highlighting the importance of transferring risk to mitigate the real world impact of potential losses from both significant events during extraordinary economic conditions (e.g., a wave of housing foreclosures) and unanticipated or extraordinary events (e.g., increased frequency of natural catastrophes and damage from hurricanes or flooding). Risk transfers have successfully been demonstrated to minimize taxpayer exposure, help reduce the disaster protection gap, decrease insurance premium levels for consumers, promote price transparency and reduce economic losses associated with catastrophic events. The Federal Housing Finance Agency, the National Flood Insurance Program, and the Export-Import Bank currently employ and have benefitted from the use of risk transfers, which shows the ability of different federal agencies to manage their risks and mitigate potential losses embedded in their portfolios.
- **Increase the number of tools to counter China's global threat**. Rep. McHenry (R-NC) offered an amendment that was accepted during the markup by Committee Democrats stating the Committee's belief that flexible targeted sanctions are also generally more appropriate tools to change the behavior of Chinese entities than broad-brush restrictions on outbound investment,

which fail to prevent foreign capital flows to bad actors, are difficult to coordinate with U.S. allies and multilateral partners, and are unaccountable to Congress for the achievement of discrete policy goals.

- **Support authorization of the International Finance Corporation.** Rep. Hill (R- AR) offered an amendment that was accepted during the markup by Committee Democrats expressing the Committee's support for authorizing the multilateral agreement during this Congress with appropriate reforms, and the Committee's progress with the Department of Treasury to mutually agree to such reforms, as the IFC capital increase is supported by the United States allies and enjoys the endorsement of the World Bank Group's Executive Directors for Sub-Saharan Africa. The Committee notes the concerns of the Sub-Saharan African Directors to the World Bank Group, as expressed in their correspondence of November 11, 2019 to Representative Cleaver and Representative Hill: "Holding back or otherwise slowing down the IFC and IBRD capital increase authorizations, even with the best of intentions, would hurt not help us with our efforts to deal with fragility, poverty, and security." The Committee also notes the concerns of OxFam International, which testified at a November hearing on these authorization requests, that [sic] reforms related to transparency and for-profit schools.

DEMOCRATS, HOWEVER, FAILED TO WORK WITH REPUBLICANS TO:

- **Protect everyday investors.** All but two Democrats rejected an amendment offered by Ranking Member McHenry (R-NC) that condemned the use of the Financial Transaction Tax (FTT). Even when presented with statistics demonstrating an FTT would harm everyday retirement savers and hardworking pensioners; that with an FTT a mutual fund investor may have to work an additional two-and-a-half years to achieve the same retirement goal; or that everyday Americans saving for their child's college may have to save roughly $250 more per year for 20 years for every child to achieve the same savings account balance that would have existed absent these burdens, Democrats refused to reject the use of the FTT as a mechanism to pay for their socialist policies.
- **Ensure that servicemen and women get the reliable financial services they deserve.** Democrats rejected on a party line vote an amendment offered by Rep. Barr (R- KY) to consider and pass H.R. 2904, the *Financial Protection for our Military Families Act,* which would give the CFPB the statutory authority to protect servicemembers.
- **Ensure corporate disclosures are material to investors.** Democrats rejected on a party line vote an amendment by Mr. Barr (R-KY) to strike certain sections of the Democrat's 2021 Views and Estimates that encouraged the SEC to ensure companies are disclosing environmental, social and governance (ESG) information. Companies already are required to disclose information to investors if it helps them make an investment decision regarding a company.
- **Promote policies that unleash our markets and further grow our economy, create more jobs, and continue to empower families to save for their first home, their child's college education, or retirement.** Democrats rejected on a party line vote a substitute amendment offered by Ranking Member McHenry (R-NC) that would:

    - Help student borrowers in making important financial decisions.
    - Ensure that regulatory rightsizing continues so that families, consumers, and main street job creators can continue to thrive.
    - Promote policies that are tough on China and other bad actors.
    - Institute necessary reforms to the unconstitutional and unaccountable structure of

agencies like the CFPB.

- Ensure consumers' personal information is protected.
- Ensure Americans, whether they are college students; families saving to buy their first home; or workers saving for their retirement, have that ability.
- Strengthen our housing market, address homelessness, and protect consumers through state-based regulation.

###

Roger Williams

John W. Rose

[illegible]

[illegible]

[illegible] Hollingsworth

J. French Hill

Lance Gooden

Van Taylor

[illegible] Kustoff

Tom Emmer

William R. Timmons IV

[illegible]

Scott R. Tipton

[illegible]

Warren Davidson

[illegible]

[illegible]

[illegible] Loudermilk

Andy Barr

[illegible]

Ann Wagner

Bill Huizenga

Blaine Luetkemeyer

Bill Posey

Alex X. Mooney

[illegible]

Williams	Rose
Loudermilk	Stivers
Hollingsworth	Hill
Gooden	Taylor
Kustoff	Emmer
Timmons	Budd
Tipton	Steil
Davidson	Gonzalez
Riggleman	Lucas
Barr	Zeldin
Wagner	Huizenga
Luetkemeyer	Posey
Mooney	McHenry

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One Hundred Sixteenth Congress
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Committee on Foreign Affairs
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March 23, 2020

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As Democratic Members of the House Committee on Foreign Affairs, we write to share our views on the international affairs budget – or Function 150 – for Fiscal Year 2021. As in the past three years, we believe that the Trump Administration's proposed cuts to the international affairs budget pose a grave threat to our national security.

For FY 2021, President Trump has requested $43.9 billion for the international affairs budget, which includes the operations of the Department of State and USAID. This is a $12.7 billion or 22 percent decrease from the FY 2020 enacted level. We believe it is essential that the international affairs budget be funded at no less than the FY 2020 enacted level of $56.6 billion.

We are deeply disappointed that the Trump Administration has again put forward a budget that devalues and deemphasizes America's role in the world and stands to cede U.S. leadership to countries like China and Russia. The Administration's proposed cuts would severely weaken the agencies that lead America's international diplomatic and development efforts and deprive them of the tools needed to complete their missions. If we enact the President's proposed budget, our rivals will step forward to fill the U.S. void.

As a co-equal branch of government, Congress has consistently rejected the Trump Administration's draconian cuts to the international affairs budget on a bipartisan basis. It is essential that we do so again this year. When the United States counters Russian aggression, provides lifesaving food aid to South Sudan, or responds to the humanitarian crisis in Venezuela, we demonstrate American leadership, while making our country and the world safer and more prosperous.

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
March 23, 2020
Page Two

With the spread of the coronavirus overseas, our global health programs are more important now than ever. Congress demonstrated its commitment to these through the $1.25 billion to the State Department and USAID as part of the budget supplemental to assist in battling the spread of the coronavirus overseas, including through covering evacuation expenses and providing humanitarian aid. Supplementals in response to crises, however, are not substitutes for a fully funded international affairs budget. The international affairs budget also allows us to stop pandemics before they arrive on our shores. Now is not the time to cut these programs.

As the Administration continues to drive forward incoherent and misguided foreign policy initiatives that preference autocrats over allies, while consistently failing to respect the Constitutionally-mandated oversight role of the Congress, it is imperative that Congress use our control over the budget to decisively act to keep moving our country in the right direction. We urge you to support a robust international affairs budget in FY 2021 and look forward to working with you ensure that the State Department, USAID, and other federal agencies funded under the Function 150 account receive the resources they need to protect our security and effectively promote American interests and values around the world.

Thank you for your attention to this urgent matter.

Sincerely,

Eliot L. Engel, Chairman

Brad Sherman, Member of Congress

Gregory W. Meeks, Member of Congress

Albio Sires, New Jersey

Gerald E. Connolly, Member of Congress

Ted Deutch, Member of Congress

Karen Bass, Member of Congress

William R. Keating, Member of Congress

David N. Cicilline, Member of Congress

Ami Bera, Member of Congress

Joaquin Castro, Member of Congress

Dina Titus, Member of Congress

Adriano Espaillat, Member of Congress

Ted Lieu, Member of Congress

Susan Wild, Member of Congress

Dean Phillips, Member of Congress

Ilhan Omar, Member of Congress

Colin Allred, Member of Congress

Andy Levin, Member of Congress

Abigail Spanberger, Member of Congress

Chrissy Houlahan, Member of Congress

Tom Malinowski, Member of Congress

David Trone, Member of Congress

Jim Costa, Member of Congress

Juan Vargas, Member of Congress

Vicente Gonzalez, Member of Congress

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One Hundred Sixteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs

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March 20, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As Ranking Republican Member of the Committee on Foreign Affairs, I am writing to share views and estimates on the Fiscal Year 2021 (FY 2021) budget, which are being provided in addition to the Majority views included in this transmittal.

I recommend that the FY 2021 Concurrent Resolution on the Budget continue authority for spending at FY 2020 enacted levels for the discretionary Function 150 International Affairs, Function 300 International Commissions, Function 800 General Government, and Function 970 Civilian Activities agencies, programs, and activities within the Committee's oversight and legislative jurisdiction. (This includes all Budget Function 150, 300, 800, and 970 agencies, commissions, programs, activities, and accounts funded through the annual *State Department, Foreign Operations, and Related Programs* appropriations bill, less funding provided under Title V for International Financial Institutions and Title VI for Export and Investment Assistance. This also includes Budget Function 150 programs and activities funded through Title V of the annual *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies* appropriations bill for Food for Peace Title II grants and McGovern-Dole International Food for Education and Child Nutrition Program Grants.)

I also urge support for appropriations during FY 2021 that reflect ongoing response efforts and emergency supplemental packages to address the global COVID-19 pandemic. The United States must continue effective and results-based investments to build the capacity of global health systems to protect our national health security. In addition, we must do all we can to ensure the safety of Americans overseas and provide the necessary support to bring stranded Americans home.

During this unprecedented time of global instability and increasing great power competition, we must maintain the funding needed to advance our national diplomatic, security, and development objectives abroad. As Admiral Mullen, former Chairman of the Joint Chiefs of Staff said, "the more we cut the International Affairs Budget, the higher the risk for longer and deadlier military operations." Diplomacy must be our first line of defense and it is critical that we continue to promote U.S. leadership around the globe. The FY 2021 request rightly prioritizes funding to implement the Indo-Pacific strategy and counter China's harmful activity in this critical region. It demonstrates steadfast support for Israel, Jordan, and our allies in the Middle East and provides our allies and partners with the economic and military assistance necessary to defend themselves against the brutal Iranian regime. Additionally, the request provides resources to combat Putin's efforts to spread disinformation and election interference activities through the Counter Russian Influence Fund. It reaffirms strong U.S. support for Interim President Guaido and democracy in Venezuela, as well as countries supporting Venezuelan refugees.

We must enhance efforts to eliminate wasteful government spending while avoiding counterproductive cuts that could result in higher costs to American taxpayers down the road. This includes efforts to target the root causes of instability and support vital global health and food security programs. Successful diplomacy and properly targeted assistance are cost effective and will ultimately save taxpayer dollars, conserve military resources, and protect the homeland.

Thank you for your consideration. Committee Republicans remain willing to provide additional views as additional budget requests and information become available.

Sincerely,

Michael T. McCaul

MICHAEL T. McCAUL
Ranking Republican Member

THE VIEWS AND ESTIMATES
OF THE
COMMITTEE ON HOMELAND SECURITY
FOR FISCAL YEAR 2021
FOR THE DEPARTMENT OF HOMELAND SECURITY

Pursuant to clause 4(f) of Rule X of the Rules of the House of Representatives, and section 301(d) of the Congressional Budget Act of 1974 (2 U.S.C. 601 *et seq.*), the Committee on Homeland Security (the Committee) is transmitting the attached Views and Estimates on matters within its jurisdiction or functions to be set forth in the Fiscal Year (FY) 2021 budget to the House Committee on the Budget (Budget Committee). These Views and Estimates were circulated to all Members of the Committee for review and comment.

Once again, President Donald Trump's budget request prioritizes his immigration and border agenda, most notably his border wall project on the Southwest border, over supporting core Department of Homeland Security (DHS) missions. In addition to requesting cuts to DHS preparedness grants and vital DHS cyber and infrastructure protection programs, the President's budget request underfunds the U.S. Coast Guard and U.S. Secret Service and proposes significant cuts to the Countering Weapons of Mass Destruction Office and the Transportation Security Administration— two Departmental components that have been at the forefront of coronavirus response. Furthermore, this budget proposal seeks to remove the U.S. Secret Service from the Department entirely, a move that weaken the Department's capacity to effectively respond to the evolving threat picture.

As the Budget Committee moves forward with its work, we respectfully request that its members consider our Committee's priorities to ensure the budget reflects the complex threats to the homeland that our nation faces.

Federal Emergency Management Agency (FEMA)

Federal Assistance

The Committee opposes the President's request to drastically slash funding for state and local grant programs that have helped first responders develop important preparedness and response capabilities since the attacks of September 11, 2001. FEMA-administered preparedness grants are vital to ensuring local communities can prepare for, respond to, and recover from all kinds of hazards. The Administration fails to understand that cuts of this magnitude are not merely dollars and cents. Cuts mean lost opportunities for first-responder training, harder choices about what protective gear and equipment communities can afford to provide first responders, and forgone opportunities to harden transit and port infrastructure. As such, Congress should continue to reject all proposals by the Trump Administration to cut these programs, which strengthen our communities and serve as a line of support to first responders.

The President's budget request unjustifiably seeks a nearly $700 million in across the board cuts to these grant programs, including the Department's premier preparedness grant programs, the Urban Area Security Initiative (UASI) and the State Homeland Security Grant Program (SHGP), in addition to funding reductions for Assistance to Firefighters Grants, the Port Security Grant Program, and the Transit Security Grant Program. Furthermore, the President's request completely zeros out four vital preparedness grant programs altogether, including the Emergency Food and Shelter program which was created in 1983 to meet the needs of the hungry and homeless across the United States and was allocated $125 million last year.

The Committee notes that the President's FY 2021 budget proposes the creation of a new National Security and Resilience Grant Program for the third time in as many years. It is telling that Congress has repeatedly rejected this grant program that would divert vital resources from established DHS preparedness grant programs. The Committee is troubled that, again, the Administration is advancing this program with little stakeholder or Congressional engagement and has been unable to provide an adequate justification for harming existing programs to establish this new program which, without explanation, would be funded below last year's proposed level.

The Committee is also troubled that the budget request calls for significant changes to the way some grant programs are administered. In addition to hundreds of millions of dollars in losses of UASI and SHGP support, state and local governments have to find the resources to meet a 25 percent cost match under the President's budget request. This cost match requirement would make it increasingly difficult for state and local jurisdictions, whose budgets are already extremely tight and stretched thin, to access preparedness resources to address gaps in capabilities. If enacted, these cuts to the Department's preparedness grants and changes to the cost share could force some state and local jurisdictions to forgo developing and maintaining capabilities geared towards tackling emerging threats. Specifically, this comes at a time in which the threat from domestic terrorists, including violence by white supremacist extremists, remains high and on the rise. Notably, these attacks are increasingly linked to groups and individuals abroad, adding and additional layer of complexity to countering it. At this time, significant reductions to the grant program would be irresponsible.

The Committee believes that the $10 million sought for Targeted Violence and Terrorism Prevention (TVTP) Grant Program could be effective at preventing mass shootings and other violence in our communities, if executed correctly. The Committee notes that prior efforts undertaken by the Obama and Trump Administrations were not successful for a range of reasons. As such, it is important that DHS take into account the lessons learned from past Departmental efforts like the Countering Violent Extremism (CVE) grant program as well as those deployed in other Federal agencies as it moves forward with the TVTP grant program. In particular, the Committee expects the Department to 1) prioritize and respect the civil rights, civil liberties, and privacy of all individuals when considering awarding grantees for their proposals, 2) vary the stakeholders that are awarded grants – including non-governmental organizations, faith-based communities, and academia so that the there is a diversity of grantees engaged in seeking to prevent terrorism and targeted violence attacks in their communities – and 3) ensure that all forms of extremism or targeted violence are accounted for in the award process.

Moreover, as climate change continues to affect our planet, the proposed $163 million cuts to the Flood Hazard Mapping and Risk Analysis Program could leave vulnerable populations and infrastructure at risk. This program allows the Federal government to provide state and local communities with accurate flood risk data and assist them with mitigation efforts.

Disaster Relief Fund (DRF)

The biggest reduction to FEMA's funding comes from a proposed $12 billion cut to the DRF. This program provides assistance to state and local communities in preparing for, responding to, and recovering from major natural disasters. The Administration's proposal is worrisome given the unpredictable nature of disasters. The Committee notes that FEMA expects $34 billion in carry over funds from previous years to be sufficient to continue to help communities recover and respond to new disasters. Still, the growth in frequency, intensity, and cost of disasters raise serious questions about whether these carry over funds are adequate.

FEMA Workforce

The Committee supports FEMA's continued investment in its workforce to ensure that qualified and trained personnel are ready and able to assist with natural disasters. Historically, FEMA has not had an adequate disaster response workforce, significantly hamstringing the agency's ability to rapidly respond to sudden and catastrophic disasters. Additionally, FEMA has struggled to maintain an adequately trained workforce, with a significant portion of their workforce not deemed "qualified" under the FEMA Qualification System. The Committee supports additional funding to address the agency's longstanding workforce challenges.

The Committee supports funding for the Office of Professional Responsibility within FEMA. The Office is a place for FEMA employees to report allegations of misconduct and harassment and strives to ensure an expeditious and objective review of those allegations. Although FEMA's Office of Professional Responsibility was created following allegations of sexual misconduct against the component's Chief Human Capitol Officer in 2018, this would be the first year it would receive dedicated funding. The Office works closely with the Office of Inspector General to ensure that FEMA employees have a fair and equitable reporting process.

Cybersecurity and Infrastructure Security Agency (CISA)

The President's FY 2021 budget request proposes $250 million in cuts to vital cybersecurity and infrastructure security programs. At a time when the nation is facing election interference and increased threats to its cyber networks and critical infrastructure from Russia, China, Iran and other bad actors, cuts to the agency that provides frontline defenses are irresponsible and dangerous. Previous data breaches at the White House and the Office of Personnel Management are prime examples of cybersecurity threats to this country. In the past CISA has enjoyed bipartisan support for increased funding and this Committee seeks to ensure that CISA receives the necessary funding to mitigate threats and vulnerabilities to national security.

Cybersecurity Division

The Committee does not support the irresponsible cuts to CISA's Cybersecurity Division proposed in the FY 2021 Presidential Budget. In 2019 the Committee sent a letter to appropriators requesting additional funding for CISA for FY 2020, which was met by a $300 million increase. The President now proposes $150 million in cuts to DHS cybersecurity operations. We are extremely disappointed that this budget reflects a step backward in what Congress has deemed a priority. Former Secretary Nielsen stated that "[c]yberattacks now exceed the danger of physical attacks."[1] This budget proposal does not reflect the urgency of cybersecurity threats to Federal networks.

Once again, the Administration is proposing deep cuts to the programs that provide the foundation of Federal network security, the Continuous Diagnostics and Mitigation (CDM) and National Cybersecurity Protection System (NCPS, or EINSTEIN) programs. CDM provides continuous monitoring, diagnostics, and mitigation tools and services to strengthen the security posture of participating Federal civilian departments and agencies' systems and networks and enables network security officials and administrators to know the state of their respective networks at any given time. The President is advocating for almost $5.4 million in cuts to CDM. The President's budget would cut almost $22 million in funding for EINSTEIN, which protects Federal networks by providing intrusion prevention and detection services. The Committee does not support major cuts to these programs.

Infrastructure Security Division (ISD)

The ISD carries out both voluntary and regulatory programs to protect critical infrastructure against homeland security threats. ISD's voluntary services include the Protective Security Advisors (PSAs) program, Bombing Prevention Awareness Program materials and training, and initiatives to secure soft targets. The ISD Infrastructure Security Compliance Division regulates high risk chemical facilities under the Chemical Facility Anti-Terrorism Standards (CFATS) program. This year the President is unjustifiably advocating for a $176 million cut to the Infrastructure Security Division budget that was enacted for FY 2020.

A significant portion of that cut comes from the potential termination of the CFATS program. The President's budget request would eliminate CFATS, in favor of voluntary efforts carried out by PSAs. This is unacceptable. Further, in the hearing the Committee held to review the FY 2021 budget for CISA, the CFATS program received broad bipartisan support. The Committee strongly opposes the elimination of CISA's sole regulatory program, through which CISA requires the nation's highest risk chemical facilities to implement security measures to mitigate risks associated with domestic and international terrorist threats.

Further, CFATS facilities contain high quantities of hazardous materials that may be susceptible to terrorist exploitation. Although the locations of CFATS facilities are not public, research shows that 'fenceline' communities around hazardous chemical plants are more likely to be low income communities and communities of color – meaning that these communities are also the most likely

[1] Joe Uchill, *DHS Secretary: Cyber threats now greater than physical threats*, AXIOS, Jul. 31, 2018. https://www.axios.com/kirstjen-nielsen-cyber-threats-united-states-77dc23e0-d3da-4c29-927c-c4efaed3ef9c.html.

to absorb any harm that arises from lax chemical security policies[2]. The Administration has provided no evidence that a completely voluntary program will yield the same security benefits for facilities and communities as a regulatory framework.

National Risk Management Center

The President's budget, again, recommends cuts to the National Risk Management Center (NRMC), undervaluing NRMC's critical role identifying and mitigating risks to National Critical Functions. Launched two years ago, the NRMC has taken the lead in coordinating with the private sector and other Federal agencies to mitigate risks associated with issues like supply chain security, 5G resilience and security, and election security. Congress increased funding for CISA's risk management budget accounts last year in recognition of this effort, and with that infusion of funding, the NRMC was able to lead national efforts to secure critical infrastructure. Last year, CISA used extra funds to define and create a National Critical Functions set; lead a government-wide Information and Communications Technology Supply Chain Risk Management Task Force; deploy election security advisors to support state and local election officials across the country; and work with the interagency to help secure and build resiliency into 5G technologies.

Further, the Committee notes that the recently released Cyberspace Solarium Commission recognized NRMC's government-leading work in this space. The Solarium highlighted NRMC's risk management analysis and sector-coordinating efforts as critical to promoting national resilience, and recommended investments in the work of the NRMC to ensure sufficient resources to this critical line of effort.

The President's budget should support bolstering NRMC operations not call for reducing them.

Customs and Border Protection (CBP)

Border Security

The Committee believes that the FY 2021 budget should make investments in effective border security technology and infrastructure. However, the President's continued focus on building a wall that is presently projected to cost nearly $20 billion, at the expense of providing needed security enhancements at the border. The Administration's FY 2021 budget requests $1.9 billion to construct 82 miles of the border wall. This proposal is a $600 million increase over the FY 2020 enacted level. In addition to these resources, President Trump has made clear that he intends to re-program an additional $7.2 billion in Defense Department funding for border wall construction in FY 2020. In February, the Administration notified Congress of its intent to divert $3.8 billion in funding that was previously partially allocated for National Guard and Reserve units. Should the Administration reprogram the full planned amount, it would bring border wall expenditures to $9.1 billion in FY 2021 and a total of $18.5 billion from FY 2018-21. The Committee remains concerned about the Administration's misguided, single-minded focus on constructing new miles of border wall without truly understanding the complex nature of border security. Notably, the risk of waste, fraud, and abuse in this program was significantly increased recently when the

[2] *WHO'S IN DANGER? Race, Poverty, and Chemical Disasters*, Environmental Justice and Health Alliance for Chemical Policy Reform (May 2014) https://comingcleaninc.org/assets/media/images/Reports/Who's%20in%20Danger%20Report%20FINAL.pdf.

Department announced that, to expedite the building of new miles of border wall, it would be waiving ten longstanding procurement regulations targeting ensuring contractor accountability.[3]

The Committee has been engaged in multiple oversight inquiries with respect to CBP operations and programs. Unfortunately, CBP has not been transparent; Requests for information from this DHS component that range from border construction contracts to the deaths of children while in CBP custody has been repeatedly stonewalled. Conversely, the Army Corps of Engineers has provided weekly updates on the Defense Department expenditures on the border wall project.

CBP Staffing

The Committee notes that the Administration is requesting $182 million to hire 750 Border Patrol Agents and 300 Border Patrol Processing Coordinators. However, it does not request additional resources to address the shortage of 2,000 CBP Officers and 600 agricultural inspectors needed at ports of entry according to CBP's own Workload Staffing Model. Ports of entry are the frontline for CBP's border security efforts and are vulnerable to the smuggling of illicit drugs and goods, particularly when understaffed. This Committee urges the Appropriations Committee to consider providing funding specifically for these critical CBP positions.

The Committee opposes the Administration's request to reduce the number of personnel staffed at CBP's Office of Professional Responsibility by 45 positions. This Office screens potential employees for suitability and investigates allegations of employee corruption and misconduct. As CBP's workforce grows, this Office will require robust funding and more investigators to ensure the entire component is functioning safely, securely and with integrity.

Inspection Systems

The Committee is concerned that once again CBP has not requested an adequate amount of funding to support an increased use of non-intrusive inspection (NII) systems. NII systems allow CBP Officers at ports of entry to scan passengers and cargo conveyances and identify potential contraband, such as drugs, guns, stowaways, or unreported currency. Since most of this contraband enters our country through ports of entry, NII systems are vital to CBP's effort to detect and intercede before it crosses the border.

The Administration has requested $25 million to procure 45 small-scale and handheld NII systems, which are used to inspect passenger vehicles and luggage, but no funding for large-scale NII systems used to inspect cargo. CBP's layered use of technology to monitor, regulate, and inspect the flow of goods at ports of entry is the country's first line of defense from unwanted and illegal contraband. Shortchanging this technology in order to fund new miles of border wall will undoubtably make this country less safe.

Immigration and Customs Enforcement (ICE)

The Committee does not support the significant funding increases sought for ICE in the President's FY 2021 budget request. The proposed $2 billion increase over enacted FY20 funding would be

[3] Marty Johnson, "Trump to waive federal contracting laws to speed construction of border wall," THE HILL, February 18, 2020. https://thehill.com/homenews/administration/483422-trump-to-waive-federal-contracting

used to support expansion of the President's immigration enforcement efforts that have targeted undocumented people living in our communities who, in large part, do not present a public safety risk. The Committee believes ICE should prioritize those who have been convicted of violent crimes and pose a serious threat to public safety.

Enforcement and Removal
The Committee is concerned that the 30 percent increase sought for ICE Enforcement and Removal Operations will further impede access to asylum in the U.S. The President's budget request would provide $558 million for 12,000 new adult detention beds and $152 million for 2,500 new family detention beds, bringing ICE's detention capacity up to 60,000 people with an overall cost of $3.1 billion. This request is unjustifiable, as border crossings have significantly declined since the summer of 2019.

The Committee opposes the defunding of the Ombudsman for Immigration Detention which was created in the FY 2020 Appropriations Act to serve as an independent point of contact for complaints about the conditions at ICE detention facilities. The DHS Inspector General has found that these facilities, often local jails, have frequently failed to provide adequate food, space, and medical care for the migrants living there.[4]

The Administration's budget request seeks to fund 4,600 new positions within ICE, 1,700 of which would be support staff for ICE operations and investigations. The Committee does not believe that this funding request is warranted and that, instead, investments should be made to expand alternatives to detention and address actual staffing shortfalls elsewhere in the Department, most notably at U.S. ports of entry.

The Committee opposes continued funding for the Migrant Protection Protocol (MPP) program, otherwise known as "Remain in Mexico." Under the program, approximately 60,000 migrants seeking asylum in the U.S. have been sent back to Mexico to await the processing of their asylum applications, functionally eliminating access to due process, undermining the statutory role of Citizenship and Immigration Services in managing asylum, and thrusting migrants into unsafe conditions in cities along the U.S.-Mexico border. The Committee also opposes the Administration's proposal to fund temporary "Port Courts" to process MPP migrant asylum claims, and funding the return of migrants to Central American countries which are themselves primary sources credible fear claims for asylees.

Transportation Security Administration (TSA)

TSA Staffing
This Committee recognizes the importance of a robust transportation security workforce to keep up with growing passenger volume. Thus, we are concerned by the proposed cuts to TSA staffing in the President's FY 2021 budget request. The Administration is advocating for cutting 1,100 full-time positions within TSA's frontline screening workforce and proposes eliminating TSA staffing

[4] *Concerns about ICE Detainee Treatment and Care at Four Detention Facilities*, DEPARTMENT OF HOMELAND SECURITY OFFICE OF INSPECTOR GENERAL, June 3, 2019. https://www.oig.dhs.gov/sites/default/files/assets/2019-06/OIG-19-47-Jun19.pdf

at airport exit lanes entirely. Currently, TSA staffing of exit lanes is mandated by law. Such reductions to TSA's staffing could significantly reduce airport security or cause extensive delays at some of the country's biggest travel hubs.

The Committee does, however, support some of the personnel changes detailed in the President's FY 2021 request. The budget proposes a new pay and career progression plan for Transportation Security Officers (TSOs), who are on the frontline of keeping our aviation systems secure. Under this plan TSOs could receive a three percent pay increase if they demonstrate higher skill at the checkpoints as well as annual pay increases for TSOs for retention. Funding this proposal could be a positive step toward improving employee morale at TSA and help address the component's longstanding attrition problems. However, this budget request does not go far enough as the Administration would continue to deny TSOs basic civil service protections and regular salary increases that most Federal employees enjoy under Title 5.

Visible Intermodal Prevention and Response (VIPR)
The Committee rejects the Administration's proposal to defund the VIPR program. This program augments state and local security efforts by deploying security teams to railroad stations, mass transit hubs, and high-profile events, such as the Super Bowl and presidential inaugurations. The President's budget would eliminate funding for 360 positions and has stated that state and local law enforcement agencies will pick up the slack. However, these local agencies are often already stretched thin and would likely be unable to maintain operations at this level. The Committee is troubled that, despite increasing threats and obvious security vulnerabilities, the Administration has repeatedly proposed cuts to programs supporting surface transportation security.

Passenger Security Fees
The President's budget once again proposes increasing passenger security fees from $5.60 to $6.60 per flight. The agency believes this would result in $618 million in new fee collections. However, portions of security fees continue not to support TSA's security operations but instead go to the General Treasury for Federal deficit reduction. The Committee cannot support any additional increases to passenger security fees if fees will continue to be diverted away from aviation security.

Technology Investments
The Committee supports the Administration's continued investment in technology to improve screening at travel checkpoints. The President's FY 2021 budget would provide $28.9 million for Computer Tomography (CT) machines which use 3D-imaging and detection software to better identify threats. This request would only fund about 30 new CT machines, which is not enough to meet TSA's stated needs to purchase approximately 400 machines per year. The budget proposal also requests $2.3 million to purchase and deploy Credential Authentication Technology (CAT) machines which verify identification documents at security screening checkpoints. The budget proposal fails to include funding to support testing and development of next-generation technologies for screening air cargo. These technological advancements are crucial to ensure TSA can defend against current threats.

United States Coast Guard (USCG)

The Committee believes that the President's request to increase the USCG budget by only 1.2 percent from FY 2020 enacted funding is not sufficient to meet the many challenges the component is facing with aging resources and infrastructure. The USCG cannot provide vital maritime security if it does not have the equipment and funding to ensure it remains mission ready.

USCG Recapitalization

The President's FY 2021 budget request would provide $1.28 billion for the recapitalization of new vessels including the National Security Cutter (NSC), the Offshore Patrol Cutter (OPC), and the Polar Security Cutter (PSC). This proposal includes $420 million in funding for the procurement of a new PSC. While this is helpful, the USCG requires six PSCs to ensure year-round access to the polar regions which, today, have 50 icebreakers Russian in operation. The budget also supports USCG's plans to invest millions in new OPCs and NSCs but the funding request is inadequate. As the fleet continues to age, more cutters and aircrafts will require decommissioning before replacements are in service. In total, the recapitalization budget request is not sufficient to meet the USCG's current and future operational needs.

The Committee is further concerned that the President's FY 2021 budget will not address the maintenance and improvements needed at the USCG's shore facilities. Last year, the Government Accountability Office found that 45 percent of the over 20,000 facilities maintained by the USCG are beyond their service life.[5] Unfortunately, the $75 million included in the Administration's FY 2021 budget request will barely scratch the surface of the Coast Guard's $2 billion shore infrastructure needs. Given the pace of climate change and continually rising sea levels, failure to begin addressing the backlog of shore infrastructure projects could prove catastrophic and extremely costly over the coming years.

The President's budget also does not address the USCG's funding gap for cybersecurity and necessary upgrades to its IT infrastructure. The FY 2021 budget request would provide more than $30 million to IT infrastructure and cutter connectivity, but that is insufficient to address the USCG's $300 million annual IT infrastructure needs. Although the Administration asserts that cybersecurity is a priority, the Coast Guard's paltry budget request for cybersecurity and IT infrastructure does not support that assertion.[6]

The Committee notes that the USCG appears to be one of the DHS components that has suffered from the Administration's myopic focus on immigration and border security at the southern border. By failing to provide the Coast Guard the funding and resources it requires, the Administration risks leaving our maritime security vulnerable, including at maritime borders, and creating problems that will necessitate costly fixes in the years to come.

Countering Weapons of Mass Destruction (CWMD)

The Committee does not support the $55 million cuts to the CWMD budget. CWMD is the DHS component leading coordination within DHS to respond to the Coronavirus outbreak. While the

[5] *Coast Guard Shore Infrastructure: Actions Needed to Better Manage Assets and Reduce Risks and Costs*, GOVERNMENT ACCOUNTABILITY OFFICE, Sept. 25, 2019. https://www.gao.gov/products/GAO-19-711T

[6] FY 2019-2021 Annual Performance report, DEPARTMENT OF HOMELAND SECURITY, February 2020, pg 101. https://www.dhs.gov/sites/default/files/publications/dhs_fy_2019-2021_apr_final.pdf

President's budget request does provide a small increase of $900,000 to the Chief Medical Officer within CWMD to hire additional personnel, this amount is woefully inadequate given the enormity of the expanding health security threat environment. In addition to Coronavirus response, the Chief Medical Officer has been exceptionally active over the past year—at the Southwest border, providing medical support for migrants taken into custody by DHS, and around the nation, responding to public health issues related to natural disasters.

The Committee does not support the transfer of the National Technical Nuclear Forensics Center's (NTNF) budget to the Department of Energy's National Nuclear Security Administration. Given the cuts in overall funding, the resources being used to support NTNF could be put into other DHS/CWMD nuclear counterterrorism programs such as the Securing the Cities.

<u>Federal Assistance</u>
The President's FY 2021 budget request significantly reduces funding for the Securing the Cities program, cutting its budget to $13.6 million from $24.6 million. Securing the Cities helps metropolitan areas across the country detect and prevent the threat of radiological and nuclear materials. CWMD had announced its intention to expand the program to six additional cities this year, yet this budget request is insufficient to fully support the cities already in the program. Further, the request would provide only limited funding to the program office, which is vital to providing oversight on how these grant dollars are being spent. A 2019 Government Accountability Office report found that CWMD is not adequately collecting data on how cities are spending program funds or reviewing their performance.[7] The Committee does not support reductions to this program and recommends funding to the full amount provided in FY 2020.

<u>Research & Development</u>
The Committee does not support the proposed $11 million cuts to research and development (R&D) in the CWMD budget. These cuts represent a significant decline over FY 2020 enacted funding dedicated to enhancing capabilities with respect to a dynamic and evolving threat to the nation. The Committee is concerned that the decreases in R&D funding will shortchange future innovation that would enable CWMD to be positioned to protect against emerging threats.

United States Secret Service (USSS)

The Committee strongly objects to President Trump's proposal to transfer the Secret Service from DHS to the Treasury Department. The Secret Service is a core component of DHS.

The Committee understands that this move is intended to address lack of funding and low morale within Secret Service and provide renewed focus on one of its under-resourced missions—combating financial crime. However, the President's budget requests $2.31 billion for the Secret Service in the Treasury Department, which is one percent less than was allocated to the component in the FY 2020 budget.

[7] *Combating Nuclear Terrorism: DHS Should Address Limitations to Its Program to Secure Key Cities*, GOVERNMENT ACCOUNTABILITY OFFICE, May 13, 2019. https://www.gao.gov/products/GAO-19-327

The Secret Service has also seen significant morale improvement within DHS. According to the Partnership for Public Service's annual "Best Places to Work in the Federal Government" rankings, Secret Service's engagement score has been increasing since 2016 and went up nine points last year alone.[8] Transferring the component now could do more harm than good, sparking an exodus by other DHS components and setting the Department back in its goals to create a unified and cohesive agency.

National Computer Forensics Institute (NCFI)
The Committee strongly opposes reducing funding for the NCFI by $26.4 million. The NCFI provides training in digital evidence and cyber crime investigations for state and local law enforcement, prosecutors, and judges. Currently, it trains 2,000 students per year, though the demand from state and local entities supports 6,000 students per year. The President's budget request would only allow for 500 professionals to receive training at NCFI. Given that the Institute is integral to reducing the strain on Federal agencies and facilitating local law enforcement's ability to conducting their own forensic investigations, funding must be restored.

National Threat Assessment Center
The Committee supports continued funding for USSS' National Threat Assessment Center (NTAC), which serves as a resource to public safety officials, including school personnel, for responding to the evolving threat of targeted violence. NTAC researches and develops threat assessment techniques to understand and prevent acts of violence and provides training and guidance to institutions and law enforcement on these subjects. Last year, the Center published and distributed a guide against targeted violence to tens of thousands of schools across the country and delivered training to more than 100 law enforcement partners.

Other Homeland Security Priorities

Science and Technology Directorate (S&T)
The Science and Technology Directorate works to develop technological advancements to rapidly respond to an ever-evolving threat environment and address capability gaps identified by DHS components. President Trump has repeatedly proposed significant cuts to the S&T budget and this year is no exception. The Administration's FY 2021 budget request would slash their budget by $93.5 million, with reductions coming mostly out of the budget for the Research, Development and Innovation programs. These reductions would likely be felt most acutely with respect to cybersecurity, where it is most important for the Department to keep up with rapid technological advancement.

The Committee further opposes the reduction of funding for Centers of Excellence and University Programs, which provide research on everything from immigration and border security to storm surge modeling and counterterrorism. The President's budget request would significantly

[8] *Best Place to Work in the Federal Government,* PARTNERSHIP FOR PUBLIC SERVICE, https://bestplacestowork.org/.

hamstring the effectiveness of these program by halving the funding that was provided to these University laboratories in FY 2020.

DHS Headquarters Consolidation

The Committee continues to support sustained funding for the DHS Headquarters Consolidation Project and construction at the St. Elizabeths campus. The President's FY 2021 budget request would provide a total of $199 million for headquarters consolidation within the DHS budget request and $459 million within the budget for the General Services Administration. Sustained funding for this project is needed to ensure that is stays on schedule and on budget. The Committee remains concerned that the Department has not produced a master plan for its consolidation project. Although consolidating DHS's headquarters will reduce the Department's physical footprint, increase efficiency, and lessen DHS' reliance on short- and long-term leases, the agency must be able to show that it has a long-term plan to work in coordination with the General Services Administration.

Conclusion

The Committee remains committed to ensuring that DHS has the resources it needs to keep our homeland safe and secure. This means not only supporting DHS' multi-mission operations but also supporting those on the frontlines of homeland security through a range of programs from the homeland security and preparedness grant programs to the VIPR program to risk modeling and cyber-forensic training to the Securing the Cities Program. Simply put, the President's FY 2021 budget request underfunds critical needs within DHS and the homeland security enterprise and propose unjustifiable increases in funding to support the President's divisive immigration and border agenda. We urge the Budget Committee to take our views and estimates into account.

Respectfully,

BENNIE G. THOMPSON
Chairman
House Committee on Homeland Security

JAMES R. LANGEVIN
Member
House Committee on Homeland Security

DONALD M. PAYNE JR.
Member
House Committee on Homeland Security

CEDRIC L. RICHMOND
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VAL DEMINGS
Member
House Committee on Homeland Security

Views of the Republican Members of the Committee on Homeland Security

Committee Republicans remain committed to strong and effective homeland security policies. The last year saw the Department of Homeland Security (DHS) manage a record surge of families seeking to enter the country illegally or exploit loopholes in our immigration system. Every Department of Homeland Security (DHS) component was also challenged by new threats in their areas of responsibility.[1]

As the Budget Committee moves forward with its work, it should strongly consider our Committee Republicans' priorities that reflect a modern and forward-leaning posture for DHS:

- Preventing terrorist attacks in the homeland, particularly lone-wolf attacks driven by online radicalization;
- Securing America's borders by making real infrastructure investments in Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE);
- Protecting against cyberattacks;
- Combating the theft of sensitive research and intellectual property from American institutions and businesses by foreign governments;
- Ensuring effective management and oversight of DHS, especially in procurement;
- Investing in 21st century transportation security systems; and
- Ensuring effective disaster preparedness and response.

BORDER SECURITY

Customs and Border Protection (CBP)

Border security is both a national security and national sovereignty issue. Committee Republicans concur with the Majority that the FY 2021 budget should make significant investments in effective border security technology and infrastructure.

However, Committee Republicans disagree with the Majority's characterization of federal government investment in building physical barriers along the southwest border. Committee Republicans believe that Border Patrol capability gap analyses continue to justify a border wall system –a mix of technology, physical barriers, personnel, and access roads - as necessary to achieve operational control. Congress directed DHS to gain operational control of the international land and maritime borders of the United States in the Secure Fence Act of 2006 (P.L. 109-367) on a bipartisan basis. The Administration's FY 2021 budget requests $1.9 billion to construct 82

[1] The President's budget document and these views thereon were drafted prior to the onset of the COVID-19 pandemic in the United States. Committee Republicans recognize the need to further address this public health emergency by directly responding to the crisis and to implement lessons learned after the crisis.

miles of the physical barriers along the southwest border in priority areas where an operational requirement exists. Committee Republicans support this investment in border security.

Committee Republicans also take issue with the Majority's characterization of an increased risk associated with waiving certain procurement regulations for physical barrier construction. We would note that the authority to do so was passed by Congress on a bipartisan basis in the Real ID Act of 2005 (P.L. 109-13). The Army Corps of Engineers advised the Committee that the waiver would be used to expedite the contracting process for pre-vetted and experienced contractors already responsible for physical barrier contracts along the southwest border. Past work conducted using this approach has come in under budget.

CBP Staffing

Committee Republicans strongly support the FY 2021 budget request for $182 million to hire 750 Border Patrol Agents, 300 Border Patrol Processing Coordinators, and associated support staff. Committee Republicans also urge the Committee on Appropriations to address the shortage of CBP Officers and agricultural inspectors needed at ports of entry through Congressional appropriations instead of forcing CBP to pay for staffing from customs fees that are needed to fund important national security programs. These agents and officers are on the front lines of securing our borders and ports of entry every day, preventing Known or Suspected Terrorists from entering the United States, the unlawful movement of people, narcotics, and counterfeit goods across our borders, and facilitating the movement of legal trade and travel.

Committee Republicans again reiterate the need for CBP to create a workload staffing model for each law enforcement subcomponent to assist with communicating CBP hiring needs. It is our hope that CBP will continue to improve recruitment, hiring, and retention efforts. Committee Republicans support the FY 2021 budget request for relocation and retention incentives to assist with combating workforce attrition in rural and remote areas of the border.

Inspection Systems

Committee Republicans support continued funding of Non-Intrusive Inspection (NII) Systems, and recognize the importance of technology, K-9 Units, and trained CBP Officers in seizing narcotics, counterfeit goods, and other contraband at ports of entry. Committee Republicans note that FY 2019 funds appropriated by Congress were a major five-year investment in NII technology and look forward to the results of multiple ongoing large-scale NII System pilots.

Vetting Capabilities

The ability to screen and vet foreign nationals seeking to enter the United States is of the utmost importance to our national security. Committee Republicans support the Administration's continued investment in the National Vetting Center to increase the number of people being vetted by its innovative, comprehensive, and centralized process.

Immigration and Customs Enforcement (ICE)

Committee Republicans strongly support the funding increases sought for ICE in the FY 2021 budget request. The proposed $2 billion increase over enacted FY 2020 funding would be used to support needed additions to detention space, hire additional law enforcement officers and immigration attorneys, support the Migrant Protection Protocols program, address backlogs and repairs to facilities, and further build out an innovative data analytics platform to enhance homeland security investigations.

Any reductions to detention space would result in de facto "catch and release" or amnesty for many illegal immigrants that choose to disappear into the interior of the United States upon being ordered removed because they are not in government custody at the time. In FY 2019 there were 89,919 "in absentia" removal orders issued.[2]

Committee Republicans support enhanced immigration enforcement, though we concur that priority must be given to individuals who have been convicted of violent crimes and pose a serious threat to public safety. ICE must remain vigilant in removing these individuals and those associated with violent groups. Committee Republicans were encouraged to see that 86 percent of administrative arrests made by ICE Enforcement and Removal Operations agents in FY 2019 were of individuals with criminal convictions or pending criminal charges.[3]

CYBERSECURITY, RESEARCH AND DEVELOPMENT

Cybersecurity and Infrastructure Security Agency (CISA)

Committee Republicans recognize that our nation faces digital and physical threats from nation-states, criminal organizations and other actors looking to wreak havoc. This past year, the country has suffered increased ransomware attacks on state and local governments, faced increased risks to our election infrastructure, as well as threats from Iran, China, and Russia.

The Cybersecurity and Infrastructure Security Agency (CISA) is responsible for protecting government networks from these threats, partnering with critical infrastructure to ensure resiliency and serving as the nation's risk advisor. CISA utilizes its expertise and resources to assist the public and private sectors in the best ways to respond to both physical and cyber threats.

The President's FY21 budget proposes a $257 million cut to CISA's budget. Committee Republicans oppose this cut at a time when threats are increasing in complexity, magnitude and frequency. CISA's mission requires significant capital and human resources, which is why Committee Republicans support increased funding for CISA in FY21.

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[2] EXECUTIVE OFFICE FOR IMMIGRATION REVIEW ADJUDICATION STATISTICS In Absentia Removal Orders, Department of Justice Executive Office for Immigration Review, October 23, 2019. https://www.justice.gov/eoir/file/1243496/download

[3] U.S. Immigration and Customs Enforcement Fiscal Year 2019 Enforcement and Removal Operations Report, Department of Homeland Security Immigration and Customs Enforcement, 2019. https://www.ice.gov/sites/default/files/documents/Document/2019/eroReportFY2019.pdf

Especially concerning among the proposed cuts within CISA, is the elimination of the Chemical Facilities and Anti-Terrorism Standards (CFATS) program. The CFATS program's value comes from its close collaboration between industry and the Department to prevent chemicals from getting into the wrong hands. The Committee has not received any supporting documents or analysis to support the termination of the CFATS program.

Science and Technology Directorate (S&T)

The Science and Technology Directorate (S&T) has served as DHS' research and development program. Through partnerships with industry, academia, and the U.S. government, S&T develops products and solutions to fill capability gaps identified within the homeland security enterprise. The resources S&T receives are critical to fostering innovative solutions to protect the United States from the increasing volume and complexity of threats that it faces.

The President's FY21 budget requests a total of $643.7 million for S&T. This is a decrease of $93.5 million from the FY20 enacted level. Most of this proposed reduction is a $60 million decrease to cybersecurity research and development. Committee Republicans are concerned by this cut and the effect it will have on securing future technologies.

EMERGENCY PREPAREDNESS AND REPONSE

Federal Emergency Management Agency (FEMA)

Federal Assistance

Committee Republicans are concerned with the FY 2021 budget request's cuts to Federal Assistance. Committee Republicans concur with the Majority that the grant programs administered through FEMA's Federal Assistance account strengthen our communities and serve as a line of support to first responders. Vital grant programs such as the State Homeland Security Grant Program (SHSGP), and the Urban Area Security Initiative (UASI) have promoted capability development and increased preparedness for state and local governments since 9/11. Additionally, Committee Republicans have serious concerns regarding the proposed 25 percent non-federal cost share for UASI, SHSGP and the Transit Security Grant Program in the FY2021 budget request. Committee Republicans also oppose the FY 2021 proposed funding levels for the National Security and Resilience Grant Program and believe funding should be restored to the Homeland Security Grant Programs suite of preparedness grants. Committee Republicans have supported these programs when they were cut in both Democrat and Republican Presidential Budgets and will continue to support these vital programs that keep communities safe.

FEMA Workforce

Committee Republicans support the FY 2021 budget request regarding improvements to FEMA staffing. As the United States is challenged by disasters of varied type and severity, FEMA must ensure it has adequate staffing and that staff are well trained in their roles. Committee Republicans continue to support FEMA's mission and believes that the proper resources and structure will enable future success.

Countering Weapons of Mass Destruction (CWMD)

Committee Republicans do not support the proposed reduction in the FY 2021 budget request for CWMD. Committee Republicans support the role of CWMD and the Chief Medical Officer (CMO), including their contribution to the federal response to the coronavirus outbreak. CWMD and the CMO will continue to serve an important function for health security and Committee Republicans support adequate funding for this mission. Committee Republicans also take issue with the proposed reduction from the FY 2020 enacted level for the Securing the Cities program. We support the mission of the Securing the Cities program and will continue to support adequate funding for its role in detecting and preventing the threat of nuclear material in metropolitan areas.

TRANSPORTATION SECURITY

Transportation Security Administration (TSA)

TSA Personnel

Committee Republicans fully support provisions in the President's budget request to fund career progression pay, retention bonuses, and annualized salary increases for Transportation Security Officers (TSOs). Funding for these programs would improve TSO morale and contribute to the agency's efforts to reduce attrition and invest in the workforce. These efforts are a positive step towards improving TSO morale, while demonstrating that the Administrator's existing flexibilities under title 49 for personnel management are superior to those he would have if TSA was moved under title 5 personnel management systems.

Screening Technologies

Committee Republicans believe that TSA should step up investment in new screening technologies, and that the budget request does not adequately address the technology needs facing the aviation system. Specifically, requesting only $28.9 million for Computed Tomography (CT) machines and $2.3 million for Credential Authentication Technology (CAT) is insufficient to fully deploy these technologies to the field. While CT and CAT directly address threats to transportation security, Committee Republicans would also encourage TSA to invest more proactively in biometric technology and detection-at-range solutions to help bring forward a more secure and efficient passenger screening experience.

Passenger Security Fees

While the President's budget request asks to raise the passenger fee from $5.60 to $6.60 each way, fee collections would be still largely diverted to the Treasury for general deficit reduction, rather than towards the intended purpose of offsetting costs for aviation security. Committee Republicans believe that fee collections should be redirected back to TSA for aviation security before any increase in the fee is considered.

Supporting Law Enforcement

The President's budget request proposes eliminating funding for TSA's Law Enforcement Reimbursement Program, which provides critical support to airport law enforcement protecting the traveling public and the TSA workforce at airports. Committee Republicans have long opposed eliminating this funding which has already been authorized by Congress through 2021.

United States Coast Guard

The Coast Guard is the nation's oldest continuous seagoing service and the only military service in the Department of Homeland Security. While serving a role that includes multiple homeland security missions from drug interdiction to port security, the Coast Guard relies on military and civilian personnel and a large fleet of both marine vessels and aircraft. An aging fleet and changing threat environment require adequate resources for the Coast Guard to continue to perform its many missions.

The President's FY21 budget requests a topline budget of $12.3 billion for the Coast Guard. This is a $142 million increase from the FY20 enacted level. While Committee Republicans are pleased to see an overall increase in the Coast Guard's budget, the request represents significant reductions in funding to important programs, including those related to the National Security Cutter, Fast Response Cutter, aircraft missionization, and shore infrastructure.

Polar Security Cutter

The Coast Guard has begun to recapitalize its heavy polar icebreaking fleet to assure its presence in ice-impacted polar regions. The budget contains two separate requests to support this effort with the procurement of a second Polar Security Cutter (PSC) and a service life extension program (SLEP) for the Polar Star. The President's budget requests $555 million to support program management for the procurement of a second PSC and $15 million for the SLEP of the Polar Star until delivery of the second PSC. The requested amount for the PSC is $234 million more than the FY20 enacted level and supports the purchase of long lead time material and government furnished equipment for PSC 2. Committee Republicans remain supportive of this important program and the President's request to protect Arctic waters from emerging threats posed by Russia and other actors.

Shore Facilities and Aids to Navigation

The Shore Facilities and Aids to Navigation account supports construction and improvements to operational facilities, military housing, and aids to navigation. The Coast Guard currently has a $1.7 billion shore infrastructure backlog. The President's budget requests $173 million to support shore infrastructure survey and design, as well as infrastructure projects like Offshore Patrol Cutter and Fast Response Cutter homeports. This request does not come close to sufficiently addressing the shore infrastructure needs of the service. Committee Republicans are concerned that continuing to defer on needed investments will come at a higher cost to the taxpayer in the long run.

INTELLIGENCE AND ANALYSIS

Analysis and Operations (A&O)

The A&O account includes funding for the Office of Intelligence and Analysis and the Office of Operations Coordination. While specific budget details are classified, Committee Republicans are concerned about proposed cuts that will impact the Department's ability to coordinate Department-wide activities. We remain supportive of funding for counterintelligence programs and efforts to improve security vetting to combat threats including the theft of sensitive technologies.

Targeted Violence and Terrorism Prevention

Committee Republicans support the significant increases in funding for targeted violence and terrorism prevention (TVTP) programs across the Department. The President's request recognizes the continued threat to the homeland from foreign terrorist organizations while increasing efforts to better address emerging threats of domestic terrorism and mass violence. The budget requests $96 million in TVTP funding. This includes funding for TVTP activities in the Office of Policy for the new Office of Targeted Violence and Terrorism Prevention, as well as $10 million within the Federal Emergency Management Agency (FEMA) for grant funding. Additionally, funds are requested for intelligence and information sharing efforts with the Office of Intelligence and Analysis, research efforts within the Science and Technology Directorate, and efforts across the Department to improve behavioral analysis. We support the Administrations robust and wholistic effort to expand and coordinate TVTP outreach, prevention, and mitigation efforts.

DEPARTMENTAL MANAGEMENT

United States Secret Service (USSS)

The President's budget requests $2.31 billion for the Secret Service and proposes transferring the agency from the Department of Homeland Security to the Department of the Treasury. Committee Republicans oppose this transfer proposal due to the negative mission impact it would have across DHS. Additionally, Committee Republicans object to the proposed cuts to the National Computer Forensics Institute, which will significantly reduce the number of state and local law enforcement partners able to participate in this vital training.

Office of the Secretary and Executive Management (OSEM)

OSEM directs and leads management of the Department and provides policy guidance to operating bureaus within the organization; plans and executes departmental strategies to accomplish agency objectives; and provides leadership to the Department. Committee Republicans support important DHS priorities such as Targeted Violence and Terrorism Prevention and Protection and the Blue Campaign.

Office of the Chief Financial Officer (OCFO)

OCFO handles basic support for financial and budget operations for DHS. OCFO provides support funding for budget policy and operations; program analysis and evaluation; development of Departmental financial management policies, including consolidated financial statements; management of Department internal controls; and Department-wide oversight of grants and assistance awards and resource management systems.

The Department budget request includes $103.9 million for financial systems modernization. As previous efforts at financial systems modernization have not been effective, Committee Republicans urge the Department to continue heightened oversight over this effort to avoid waste and inefficiency.

Office of the Chief Procurement Officer (OCPO)

OCPO oversees procurement and acquisition at the Department. OCPO works to strengthen the acquisition framework to avoid cost overruns and schedule delays of DHS's acquisition programs. We recognize DHS's efforts to mature its acquisition framework; however, rigorous oversight is necessary to ensure DHS receives needed capabilities and that taxpayer dollars are not put to waste. Committee Republicans continue to support the Acquisition Review Board as an important tool to reduce waste in acquisitions.

Office of Biometric Identity Management

The President's budget requests $253.9 million for operations and support of the Office of Biometric Identity Management (OBIM), which was transferred to the Management Directorate in the Cybersecurity and Infrastructure Security Agency Act of 2018. The FY2020 enacted appropriation provided $254.7 million for OBIM operations and support. The President's budget request also includes $29.7 million for OBIM procurement, construction, and improvements compared to $15.5 million enacted for FY2020. Committee Republicans support this increase for OBIM, which has a vital role to play in advancing the use of biometrics by the Department.

DHS Consolidated Headquarters Project (St. Elizabeth's)

The President's budget request includes $199.8 million in resources for building, equipping, relocation expenses, and operations costs for the Department's consolidated headquarters at St. Elizabeth's. The funding will be used for construction of a new headquarters for the Office of Intelligence and Analysis and design costs for a new ICE headquarters building, consolidation of additional management offices and the S&T Directorate, and improvements to facilities at Mount Weather Emergency Operations Center.

While the Department continues to move forward with the consolidation project at St. Elizabeth's and has committed to providing an updated plan to the Committee, the Department still has not submitted the required information to Congress on the implementation of the enhanced plan for headquarters consolidation. Committee Republicans expect this document to be provided in a timely manner. While Committee Republicans continue to support the consolidation project, we urge caution moving forward and reiterate that DHS should continue its efforts to curtail delays and cost overruns and address the requirements of P.L. 114-150.

Mike Rogers
Ranking Member

ZOE LOFGREN, CALIFORNIA
CHAIRPERSON

JAMIE RASKIN, MARYLAND
VICE CHAIRPERSON

SUSAN DAVIS, CALIFORNIA
G.K. BUTTERFIELD, NORTH CAROLINA
MARCIA FUDGE, OHIO
PETE AGUILAR, CALIFORNIA

JAMIE FLEET, STAFF DIRECTOR

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MARK WALKER, NORTH CAROLINA
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ONE HUNDRED SIXTEENTH CONGRESS

JEN DAULBY, MINORITY STAFF DIRECTOR

March 23, 2020

The Honorable John A. Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

Pursuant to § 301 (d) of the Congressional Budget Act of 1974 and clause 4(f) of rule X of the Rules of the House of Representatives, attached, please a copy of the Committee on House Administration's Views and Estimates for fiscal year 2021. I have also attached Minority Views and Estimates.

In the following pages the Committee highlights some accounts of special concern and we urge careful consideration by you, and the Committee on the Budget, as you begin working to fashion a budget resolution that will encompass the budget priorities of the House of Representatives.

Sincerely,

Zoe Lofgren
Chairperson

Views and Estimates
Fiscal Year 2021
Committee on House Administration

Election Assistance Commission

Congress established the U.S. Election Assistance Commission (EAC) with the passage of the Help America Vote Act of 2002 (HAVA).[1] The EAC "distributes, administers, and audits HAVA funds, serves as the nation's clearinghouse for information on election administration, conducts the Election Administration and Voting Survey (EAVS) and other studies, develops the Voluntary Voting System Guidelines (VVSG), accredits testing laboratories and certifies voting systems, and administers the National Mail Voter Registration Form in accordance with the National Voter Registration Act of 1993. From coast-to-coast, EAC is providing services for state and local election officials and the voters they serve."[2]

The EAC is headed by four bipartisan Commissioners appointed by the President and confirmed by the U.S. Senate.[3]

HAVA also created the Board of Advisors, the Standards Board, and the Technical Guidelines Development Committee (TGDC) to advise EAC. The three groups advise the agency and help it achieve its mission, including but not limited to the development of the Voluntary Voting System Guidelines.

HAVA dictates the membership of the three statutory groups. The Standards Board is a 110-member board consisting of 55 state election officials (the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands) selected by their respective chief state election official, and 55 local election officials selected through a process supervised by the chief state election officials.

The Board of Advisors is comprised of representatives from groups representing governors; mayors; state legislatures; secretaries of state; state election directors; county recorders; election officials; county clerks; voter advocacy groups; federal agencies; and professionals in the fields of science and technology.

TGDC helps EAC develop its Voluntary Voting System Guidelines. It is composed of 14 members appointed jointly by EAC and the Director of the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), who is the chairperson of TGDC.

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[1] Public Law 107-252, 116 Stat. 1666.
[2] U.S. Election Assistance Commission FY 2021 Budget Justification, at 6.
[3] 52 U.S.C. § 20923.

For FY 2020, EAC received $15,171,000 (of which $1,500,000 was to be transferred to the National Institute of Standards and Technology for election reform activities under HAVA to support 30 FTE. The FY 2020 enacted level also included a one-time amount of $2,400,000 for agency relocation expenses. In addition, $425 million was provided to make State grants. For FY 2019, the EAC received $9,200,000 (of which $1,250,000 was to be transferred to NIST) to support 26 FTE. $380 million was provided in a separate account (Election Reform Program) "for necessary expenses to make payments to States for activities to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements[.]"[4]

For FY 2021, the EAC requested $13,063,000 to support 32 FTE. The EAC's "FY 2021 budget justification highlights its plans to continue to oversee and audit HAVA funds, develop and share best practices, test and certify voting systems, and research and report election administration data, as well [as] help voters participate and have confidence in our nation's elections."[5]

The Committee recommends that the EAC receive its requested amount for FY 2021 and that an additional amount of $600 million be provided as election security grants to States to continue to improve our electoral infrastructure. It is also vital that States receive funding in order to administer elections in emergency settings.

Federal Election Commission

The Federal Election Commission (FEC) "is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the Federal Election Campaign Act of 1971 (FECA). As the foundation of Federal campaign finance regulation, FECA reflects Congress's efforts to prevent corruption through two principal means. First, it ensures that voters have access to information about the sources of financial support for Federal candidates, political party committees and other political committees. Second, FECA imposes amount limitations and source prohibitions on contributions received by certain types of political committees. The Commission's responsibilities also include overseeing the Federal public funding programs for Presidential campaigns."[6]

For FY 2021 the FEC has requested $73.3 million. "The requested increase for FY 2021 represents growth of approximately two and one-half percent from the FEC's enacted appropriation for FY 2020 and under three percent from the enacted appropriations from FY 2016 through FY 2019."[7] As the FEC's budget justification notes that "the Commission lacks a quorum of at least four sitting Commissioners. Under [FECA] and Commission Directive 10, [the budget justification] is submitted pursuant to a bipartisan majority vote of the current Commissioners."[8] The FEC received $71,497,000 for FY 2020 and $68,523,764 for FY 2019.

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[4] P.L. 115-141, 132 Stat. 348, Consolidated Appropriations Act of 2018.
[5] U.S. Election Assistance Commission FY 2021 Budget Justification, at 12.
[6] Federal Election Commission FY 2021 Budget Justification at 2.
[7] *Ibid.*
[8] FEC FY 2021 Budget Justification, at footnote 2.

The Committee recommends that the FEC's requested budget increase for FY 2021 be granted. As the Committee noted in its report on H.R. 1, For the People Act of 2019, "a gridlocked and dysfunctional Federal Election Commission has left many major violations unaddressed, and has failed to keep its regulations on pace with the changing nature of campaigns."[9]

The Committee believes that major reforms are needed to the FEC and while the contours of those reforms have not been set, the FEC must be provided the funding it requires perform its essential role in an election year.

House of Representatives

For the House of Representatives, the Committee recommends sufficient resources to meet the many challenges the institution faces this Congress, including increased legislative activity, ensuring that the IT backbone of the House is secure and robust and meets the needs of Members, staff, and the general public, and that capital projects, especially the ongoing renovations of House Office Buildings continue apace with realistic levels of budget requirements.

The Select Committee on the Modernization of Congress has recommended, in the spirit of "making Congress work better for the American people," a number of reforms that will improve the operation of the House as well as the workplace experience of Members and staff. These recommendations were included in H. Res. 756 which passed the House on March 10, 2020. These improvements will require additional resources even if some of the recommendations could provide cost-savings down the road, and we ask that additional resources be made available to accommodate action on these recommendations.

Office of Congressional Workplace Rights

The Office of Congressional Workplace Rights (OCWR), is requesting $7,500,000 for FY 2021, "an increase of $1,167,330 or 18% from the enacted amount for FY 2020, as well as three additional FTEs."[10]

"The FY 2021 budget request focuses on supporting the OCWR's statutory mandates and improving the delivery of services to the covered community under the CAA. The requested amount is necessary for the Office's mandated operations, including hearings, mediations, safety and health inspections, ULP investigations, and ADA inspections. This amount will also allow us to carry out our statutory mission to educate and train Members of Congress, their staff, and other legislative branch offices and employees on their rights and responsibilities under the CAA through the development of materials specifically designed

[9] H.Rept. 116-15, at 130.
[10] Testimony of Susan Tsui Grundmann, Executive Director, Office of Congressional Workplace Rights, before the Subcommittee on the Legislative Branch, Committee on Appropriations, February 12, 2020.

for the legislative branch, and that are easily understood, practical rather than legalistic, and proven effective."[11]

The Committee recommends the OCWR's request for FY 2021 be fully met.

U.S. Capitol Police

The U.S. Capitol Police, for FY 2021, have requested $516.7 million, an increase of 11.2 percent over FY 2020 levels of $464.3 million. This level is necessary "to meet mandatory salary requirements, provide overtime for critical training, ensure the security of the 2021 Presidential Inauguration, and address other mission-related expenses. Our budget request does not include a request for additional FTEs, however, we are facing increasing personnel costs due to outside requirements."[12]

The Department is also requesting $3.6 million in no-year funding to replace the annunciator system with a new system – "The new system, the Joint Audible Warning System, has been a joint effort among the House and Senate Sergeants at Arms, the Architect of the Capitol, and the USCP to provide a new, state-of-the-art, encrypted audible warning system throughout the Capitol Complex. This No-Year funding will cover the USCP's share of the total acquisition cost and the initial purchase of receiver end units."[13]

The Committee is cognizant that restrictive budget caps for FY 2021 will require hard choices to be made among competing demands, but requests that the resources needed by the U.S. Capitol Police be provided to ensure that the Department is able to meet the challenges it faces and the increasing threats that are faced by Congress.

Library of Congress

For FY 2021, the Library of Congress (LOC) is requesting a total budget of $830 million and an appropriated amount of $779 million. This represents a $55 million increase ($59 million in appropriated dollars) over FY 2020 levels. This request includes $544.6 million ($538.6 million in appropriated dollars) for the Library; $94.9 million for the U.S. Copyright Office ($50.1 million in appropriated dollars); $130 million for CRS; and $61 million for Books for the Blind and Print Disabled.

"My top priority remains expanding user access—public engagement with the Library's resources and services," stated Carla Hayden, the Librarian of Congress testifying before the Subcommittee on the Legislative Branch of the Committee on Appropriations in February. She further stated:

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[11] *Ibid.*
[12] Testimony of Steven A. Sund, Chief of Police, United States Capitol Police, before the Subcommittee on the Legislative Branch, Committee on Appropriations, February 11, 2020.
[13] *Ibid.*

> Now in my fourth year as Librarian of Congress, I am excited to see the progress we have made in sharing more of the Library's extraordinary collections and our staff's expertise and commitment to public service. Today, the Library holds more than 170 million items in all formats and 470 languages and has the world's largest collections of legal materials, films, and sound recordings. Last year, the Library welcomed nearly 1.9 million in-person visitors. The Congressional Research Service (CRS) provided custom services to more than 99 percent of Senate and House member offices and standing committees. The U.S. Copyright Office issued more than 547,000 copyright registrations. Over 9.4 million preservation actions were performed on the physical collections; more than 21.8 million copies of braille, audio and large print items were circulated to patrons by the newly renamed National Library Service for the Blind and Print Disabled (NLS); and the Library responded to nearly one million reference requests from Congress, the public, and other federal agencies. The Library's websites, including loc.gov, congress.gov, copyright.gov, and the CRS site, among others, served as conduits in supporting our strategic vision for connecting all Americans to the Library by receiving 119 million visits and 520.8 million content page views.[14]

must continue its efforts in IT modernization and in making further improvements to the Copyright Office.

The Library is a one-of-a-kind national resource and treasure, and the Committee recommends that the LOC receive the resources it has deemed to be necessary in the coming fiscal year.

Smithsonian Institution

For FY 2021, the Smithsonian Institution has requested $1,110,313,000, a roughly $63 million increase over FY 2020.

The Committee remains concerned over the resources available to address the Smithsonian's deferred maintenance backlog. On November 1, 2019, Chairperson Lofgren and Ranking Member Davis sent a letter to the Subcommittee on Interior, Environment, and Related Agencies of the Committee on Appropriations requesting "robust funding in fiscal year 2021 to help address the Smithsonian's growing deferred maintenance backlog of approximately $1 billion."

[14] Testimony of Carla Hayden, Librarian of Congress, before the Subcommittee on the Legislative Branch, Committee on Appropriations, February 27, 2020.

As the Smithsonian's FY 2021 Budget Justification explains deferred maintenance:

> According to the National Research Council (NRC), "an appropriate budget allocation for routine Maintenance and Repair for a substantial inventory of facilities will typically be in the range of 2 to 4 percent of the aggregate current replacement value (CRV) of those facilities." The CRV for the Smithsonian is $8.77 billion, including the National Museum of African American History and Culture. With this budget request, the Institution's maintenance budget would be at $116 million.
>
> With the increased funding received in the FY 2020 enacted appropriation, substantial improvements are being made in addressing the deferred maintenance backlog. The FY 2021 budget request will sustain this increased level of maintenance funding. Although the maintenance budget is below the two percent recommended CRV level, the total FY 2021 maintenance funding, along with the Facilities Capital request, will enable the Institution to continue to make progress in addressing the maintenance backlog issue.[15]

At an oversight hearing on the Smithsonian held in September, Smithsonian Inspector General Cathy L. Helm stated:

> The Smithsonian also faces challenges in addressing deferred maintenance for its facilities because it is spending less than the recommended amounts to maintain the condition of those facilities. In fiscal year 2017, the Smithsonian had a deferred maintenance backlog approaching $1 billion. Deferring maintenance can reduce the overall life of facilities and may lead to higher costs in the long-term.
>
> Eventually deferred maintenance requires a major capital invest- ment. In fact, the Smithsonian's $650 million capital project to revitalize the National Air and Space Museum includes more than $250 million of deferred maintenance.[16]

Inspector General Helm also testified that "The National Research Council recommends that government-funded organizations annually spend 2 to 4 percent of the current replacement value of their facilities on maintenance. For example, the Smithsonian estimated that it would need to spend between $169 million (2 percent) and $338 million (4 percent) in fiscal year 2017 to keep up with needed maintenance. However, the Smithsonian has been spending approximately 1 percent on maintenance annually. In its budget request for fiscal year 2020, the Smithsonian requested $84.5 million, about half of the lowest estimated need. Given the disparity, the deferred work will continue to grow.[17]

As noted above, the Smithsonian's budget request for deferred maintenance is a mere $116 million. It is essential that the Smithsonian receive sufficient and consistent funding for

[15] Smithsonian Institution FY 2021 Budget Justification, at 197.
[16] U.S. House, 116th Congress, Committee on House Administration, Hearing *Oversight of the Smithsonian Institution*, September 18, 2019, at 17
[17] *Ibid.* at 21.

maintenance so as not to endanger museums that are national treasures, and mitigate the need for even costlier capital projects. As the Smithsonian looks toward the future and new museums such as the Smithsonian Women's History Museum, National Museum of the American Latino, and further down the road a National Museum of Asian Pacific American History and Culture.it is essential that the care of existing Smithsonian facilities and operations are ensured.

ZOE LOFGREN
(Chairperson)
JAMIE RASKIN
(*Vice Chairperson*)
SUSAN DAVIS
G. K. BUTTERFIELD
MARCIA FUDGE
PETE AGUILAR

Minority Views of Representatives Davis, Walker, and Loudermilk on the Views and Estimates of the Committee on House Administration for the President's Fiscal Year 2021 Budget

Election Assistance Commission

Minority Views

We agree with several components of the Majority's proposal. We support the EAC receiving their requested amount for FY2021. The Commission's work to develop and share best practices, test and certify voting systems, and research and report election administration data is crucial to improving our election infrastructure. We also expect the Commission to use FY2021 funds to develop and share best practices for non-voting election equipment that is rapidly changing. We do not agree with the Majority's recommendation of an additional $600 million to be provided as election security grants to States. $425 million was given in FY2020 and $380 million in FY2019 for election security; states should continue to obligate that money and any future federal funds, if necessary, should be examined after the 2020 election cycle.

Federal Election Commission

Minority Views

We support the Majority's recommendation of granting the Federal Election Commission's (FEC) budget request for FY2021. We do not agree the FEC is gridlocked and dysfunctional. The lack of a quorum, an issue beyond the control of the Commission itself, and structural inadequacies, has stifled the Commission to stop its important work. We are hopeful that the confirmation process continues, and new Commissioners can be seated with a quorum restored in the near future.

We also believe the Presidential Election Campaign Fund (PECF) should be eliminated. The FEC continues to incur costs to administer the PECF and to audit recipients of PECF funds. The fund is underutilized by candidates and eliminating it is an appropriate and crucial step towards fiscal responsibility. The Committee does not support continued operation of the PECF and strongly supports elimination of the PECF.

Office of Congressional Workplace Rights

Minority Views

We agree with the Majority in supporting the funding of this important office. However, we have concerns over the enterprise information technology approach laid out in testimony by the agency. OCWR should continue to leverage its existing relationship with the Library of Congress to address its IT hosting needs.

U.S. Capitol Police

Minority Views

We are grateful for the work of the men and women in the department and agree with the Majority in supporting the full amount requested by the U.S. Capitol Police, including funding for a new annunciator system. We also want to emphasize the important of continued protections for Members on the Capitol Complex, in the metropolitan Washington area, and in their home districts. We hope to see continued efforts to improve human capital management, improved interagency communication, and improved data tracking.

Library of Congress

Minority Views

We support the funding levels for the Service Units specifically named in the Majority's Views and Estimates. On a broader note, it is important to mention that Chairman Tim Ryan (D-OH) of Legislative Branch Appropriations noted to Dr. Hayden at the Library of Congress FY2021 budget hearing before the appropriators, "Your 2021 budget request is about twice the size of the increase Congress was able to provide the Library last year. So, I have to register a note of caution about your request…." With this important caveat in mind, we support the Library's work to support Congress in fulfilling its constitutional duties and furthering the progress of knowledge and creativity for the benefit of the American people. The Library should prioritize efficient and transparent use of funds for IT modernization, the U.S. Copyright Office, the Congressional Research Service, and the National Library Services for the Blind and Print Disabled, amongst its other core functions. The Library should focus on ensuring that core mission functions are funded before directing funds to any other projects. With the funding provided to the Library, we expect to see transparency, efficiency, and measurable progress in the various IT modernization initiatives Library wide.

Smithsonian Institution

Minority Views

We agree with the Majority that sufficient and consistent funding is needed for the Smithsonian's deferred maintenance backlog. As such funding is appropriated, the Smithsonian must commit to prioritizing facilities maintenance.

The Architect of the Capitol

Minority Views

We support funding for the core mission of the agency and adequate funding for additional projects that Congress asks of the AOC. As we work through current and future projects, we hope to see improvements in contract management and internal communications, as well as an end to discrimination and harassment within the agency. We have noticed and appreciate Mr. Blanton's efforts to increase internal accountability and improve communication with committees of jurisdiction in addition to his efforts to improve the transparent and efficient use of funds.

RODNEY DAVIS
(Ranking Minority Member)
MARK WALKER
BARRY LOUDERMILK

March 23, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, D.C. 20515

The Honorable John Steve Womack
Ranking Member
Committee on the Budget
507 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack,

Please find enclosed the views and estimates of the Committee on the Judiciary for fiscal year 2021 pursuant to section 301(d) of the Congressional Budget Act of 1974 (2 U.S.C. § 632(d)) and House Rule X, clause 4(f)(1). These views and estimates encompass a broad range of programs within the Judiciary Committee's jurisdiction. I hope these views and estimates provide valuable guidance to your Committee as you prepare the budget resolution. I note that, while this document reflects the views of the Majority Members of this Committee, some Members may have individual views that are not reflected in this document. The Minority will likely submit additional views. Please feel free to contact me or my staff if you have any questions or concerns.

Sincerely,

JERROLD NADLER
Chairman

Enclosure

COMMITTEE ON THE JUDICIARY
VIEWS AND ESTIMATES FOR FISCAL YEAR 2021

Mandatory Budget Authority

FEDERAL JUDICIARY

The Federal Judiciary is comprised of the U.S. Supreme Court and the lower federal courts. Combined, they adjudicate criminal and civil disputes as well as other constitutional and congressionally-assigned responsibilities.

The Committee recognizes the Federal Judiciary's essential role in providing justice to all citizens. The Committee understands that although the Federal Judiciary has no control over the number of cases that are filed in the courts, it must handle each case filed and has limited flexibility in how quickly it must handle some of these cases. Moreover, the Federal Judiciary's workload is greatly affected by the policies of the Executive and Legislative Branches.

The Committee supports a FY 2021 funding level necessary for the Federal Judiciary to accomplish its mission. Additionally, the Committee supports funding necessary to mitigate the impact of the COVID-19 pandemic on the functioning of the Federal Judiciary.

Discretionary Budget Authority

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

General Administration (GA) supports the Attorney General and the Department of Justice's senior policy level officials in managing Department resources and developing policies for legal, law enforcement, and criminal justice activities. GA consists of four decision units: Department Leadership, Intergovernmental Relations and External Affairs, Executive Support and Professional Responsibility, and the Justice Management Division.

The Department Leadership decision unit includes the Offices of the Attorney General, Deputy Attorney General, Associate Attorney General, Privacy and Civil Liberties, Rule of Law, and Access to Justice. Intergovernmental Relations and External Affairs includes the Offices of Public Affairs, Legislative Affairs, and Tribal Justice. Executive Support and Professional Responsibility includes the Offices of Legal Policy, Professional Responsibility, Information Policy, and the Professional Responsibility Advisory Office. Finally, the Justice Management Division provides advice to senior DOJ officials and develops departmental policies in the areas of management and administration, ensures compliance by DOJ components with departmental and other federal policies and regulations, and provides a full range of management and administration support services.

The Committee supports funding GA at a level that will enable it to accomplish its mission.

EXECUTIVE OFFICE FOR IMMIGRATION REVIEW

The Executive Office for Immigration Review (EOIR) contains the corps of Immigration Judges, the Board of Immigration Appeals, and the Office of the Chief Administrative Hearing Officer. EOIR presides over administrative immigration hearings such as removal, bond, and employer sanctions proceedings.

The Committee recognizes that EOIR's immigration court case backlogs have continued to grow, lengthening case adjudication times. Timely and fair adjudication of cases in immigration courts is an essential part of the effective administration and enforcement of the immigration laws. Funding for EOIR personnel and programs must keep pace with funding for other immigration enforcement activities in order for the entire immigration system to function properly. The Committee also supports funding of Legal Orientation Programs for detained noncitizens at a level necessary to accomplish the goals of the program.

The Committee recommends that EOIR be funded at a level that will enable it to achieve these goals.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General (OIG) is an independent office within the Department of Justice that is charged with investigating allegations of fraud, waste, abuse, and misconduct by DOJ employees, contractors, and grantees and promoting economy and efficiency in DOJ operations.

The Committee supports funding the OIG at a level that will enable it to achieve these goals.

GENERAL LEGAL ACTIVITIES

Office of the Solicitor General

The Office of the Solicitor General supervises and processes all appellate matters and represents the United States and federal agencies in the U.S. Supreme Court. The Committee considers the work of the Solicitor General an important element of the role played by the Justice Department.

The Committee supports funding the Solicitor General's office at a level necessary to accomplish its mission.

Tax Division

The Tax Division represents the United States in virtually all litigation arising under the internal revenue laws. This work includes both a civil component as well as assistance to U.S. Attorneys in prosecuting criminal tax violations. In addition, the Division's attorneys lend their financial crimes expertise to the enforcement of other laws with financial aspects.

The Committee supports funding the Tax Division at levels necessary to accomplish its mission and notes that every additional dollar provided to the Tax Division will result in many additional dollars being recovered for the Treasury.

Criminal Division

The Criminal Division is responsible for supervising the application of all federal criminal laws except those specifically assigned to other divisions. Its mission is to identify and respond to critical and emerging national and international criminal threats, and to lead the enforcement, regulatory, and intelligence communities in a coordinated, nationwide response to reduce those threats. The Division provides expert guidance and advice to U.S. Attorneys and other federal, state, and local prosecutors and investigative agencies, as well as foreign criminal justice systems. It also oversees the use of the most sophisticated investigative tools available to federal law enforcement, including all federal electronic surveillance requests in criminal cases, and secures the return of fugitives and other assistance from foreign countries.

In addition to other initiatives, the Criminal Division uses its resources to prosecute the most significant financial crimes, including mortgage fraud, corporate fraud, and sophisticated investment fraud; coordinate multi-district financial crime cases; and assist U.S. Attorneys' Offices in financial crime cases with significant money laundering and asset forfeiture components.

The Committee supports funding the Criminal Division at a level necessary to accomplish its various missions.

Civil Division

The Civil Division represents the United States, its departments and agencies, Members of Congress, Cabinet officers, and other federal employees in litigation in federal and state courts. Each year, it successfully defends the United States against billions of dollars in unmeritorious claims. In its affirmative litigation, the Division brings suits on behalf of the United States, primarily to recoup money lost through fraud, loan defaults, and the abuse of federal funds. As a result of the work of the Civil Division, hundreds of millions of dollars are returned to the Treasury, Medicare, and other programs annually.

The Committee considers the work of the Civil Division important to the Justice Department's mission. The Committee supports funding the Civil Division at a level necessary to accomplish its mission.

Environment and Natural Resources Division

The Environment and Natural Resources Division (ENRD) enforces the Nation's civil and criminal environmental laws; defends environmental challenges to federal laws and actions; and performs a variety of other important legal activities related to the environment and our nation's natural resources. ENRD's responsibilities include litigating disputes under the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act (Superfund), the Endangered Species Act, and other federal environmental statutes; defending against environmental challenges to federal programs and activities; representing the United States in matters concerning the protection, use, and development of national natural resources and public lands; and litigating on behalf of individual Indians and Indian tribes.

The Committee supports funding ENRD at a level necessary to accomplish its mission.

Civil Rights Division

The Civil Rights Division of the Department of Justice is the primary institution within the federal government responsible for enforcing federal statutes prohibiting discrimination on the basis of race, sex, disability, religion, and national origin. The Division enforces federal laws prohibiting discrimination in education, employment, credit, housing, public accommodations, voting, and certain federally funded and conducted programs.

The Division has eleven sections: Appellate, Coordination and Compliance, Criminal, Disability Rights, Educational Opportunities, Employment Litigation, Housing and Civil Enforcement, Office of Special Counsel for Immigration Related Unfair Employment Practices, Special Litigation, Policy and Strategy, and Voting.

As a general matter, the Committee recommends that funding for each section in the Civil Rights Division be increased to a level that ensures it is able to carry out its critical mission of guaranteeing equality under the law.

INTERPOL Washington

INTERPOL Washington facilitates cooperation and information sharing among police agencies in different countries. It is the link between more than 18,000 federal, state, and local law enforcement authorities and the 187 other member countries for INTERPOL-related matters. The main goals of INTERPOL Washington are facilitating international law enforcement cooperation; transmitting information of a criminal justice, humanitarian or other law enforcement-related nature among law enforcement agencies; responding to law enforcement requests; coordinating and integrating information for investigations of an international nature; and identifying patterns and trends in criminal activities. INTERPOL Washington also actively screens all inbound international flights for passports that are reported as lost or stolen to INTERPOL and generates over 200 hits monthly that require human analysis.

The Committee supports INTERPOL Washington's continued efforts to enhance information sharing among international police authorities and supports funding INTERPOL Washington at a level allowing it to achieve its mission.

Antitrust Division

The role of the Antitrust Division is to enforce and provide guidance on antitrust laws.

The Committee supports funding the Antitrust Division at levels necessary to accomplish its various missions.

Executive Office for U.S. Attorneys

There are 94 U.S. Attorneys located throughout the United States, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. The U.S. Attorneys who lead each office are the chief law enforcement representatives of the Attorney General. Each enforces federal criminal law, handles most of the civil litigation in which the United States is involved, and initiates proceedings for the collection of fines, penalties, and forfeitures owed to the United States. For FY 2021, the Committee expects that U.S. Attorneys will continue to investigate and prosecute the diverse workload of criminal cases brought by the federal government and will continue to initiate civil actions to assert and protect the interests of the United States.

The Committee supports funding the Executive Office for U.S. Attorneys at a level that will allow it to accomplish its mission.

U.S. Trustee Program

The U.S. Trustee Program is charged with supervising the administration of bankruptcy cases and trustees. Its mission is to protect and preserve the integrity of the federal bankruptcy system by regulating the conduct of parties, ensuring compliance with applicable laws and procedures, bringing civil actions to address bankruptcy fraud, securing the just and efficient resolution of bankruptcy cases, and referring bankruptcy crimes for prosecution. The Program is self-funded through user fees paid by participants in the bankruptcy system. The Program's appropriation is offset by fees it collects during the fiscal year. These monies are paid into the U.S. Trustee System Fund. The Program's funding is also subsidized by quarterly fees paid by chapter 11 debtors. The remaining funding is derived from a portion of filing fees paid to commence bankruptcy cases, interest earnings, and other miscellaneous revenues.

The Committee supports funding the U.S. Trustee Program at a level necessary to accomplish its mission.

Community Relations Service

The Community Relations Service's mission is to assist state and local governments, private and public organizations, and community groups in quelling conflicts and tensions arising from differences of race, color, and national origin. The Community Relations Service is also authorized to work with state and local governments and groups to restore racial stability and harmony while preventing, resolving, and responding to alleged violent hate crimes committed on the basis of actual or perceived race, color, national origin, gender, gender identity, sexual orientation, religion or disability.

The Committee supports funding the Community Relations Service at a level necessary to continue performing its mission.

U.S. Marshals Service

The U.S. Marshals Service (USMS) administers the Asset Forfeiture Program of the Justice Department; conducts investigations involving escaped federal prisoners, unregistered sex offenders, and other fugitives; ensures safety at judicial proceedings; assumes custody of individuals arrested by all federal agencies; houses and transports prisoners; and manages the Witness Security Program.

The Committee supports funding the USMS at levels necessary to accomplish its various missions.

National Security Division

The National Security Division (NSD) was authorized by Congress in the USA PATRIOT Improvement and Reauthorization Act of 2005 (Public Law No. 109-177). The NSD consists of the elements of DOJ (other than the Federal Bureau of Investigation) engaged primarily in support of the intelligence and intelligence-related activities of the United States Government, including: (1) the Assistant Attorney General for National Security, (2) the Office of Intelligence Policy and Review, (3) the counterterrorism section, (4) the counterespionage section, and (5) any other office designated by the Attorney General.

The Committee supports funding the National Security Division at a level necessary to carry out its mission.

Foreign Agent Registration Act (FARA) Unit

The Foreign Agents Registration Act of 1938 (FARA) is a public disclosure law that generally requires an "agent of a foreign principal" engaged in certain activities on behalf of such foreign principal to register with the Justice Department within ten days of becoming an agent and to file supplements detailing their activities with the Department every six months; regularly disclose copies of informational materials the agent distributes on behalf of the foreign principal to the Justice Department; and keep records of his or her activities while an agent and for three years following the end of their agent status.

The FARA Registration Unit is primarily responsible for the enforcement and administration of FARA. The FARA Unit, which is a part of the National Security Division's Counterintelligence and Export Control Section, has a limited staff consisting of one Unit Chief, two staff attorneys, one Supervisory Program Manager, one Intelligence Research Specialist, one

Program Specialist, and two Case Management Specialists. The Unit is responsible for, among other things, processing and monitoring new and existing FARA registrations, performing periodic inspections of registrations, and conducting searches to identify persons who may be obliged to register.

The Committee supports funding the FARA unit at levels necessary to achieve its important objectives.

Federal Bureau of Investigation

The Federal Bureau of Investigation (FBI) is the Nation's largest federal law enforcement agency, charged with investigating terrorism, cybercrimes, public corruption, white-collar crime, organized crime, civil rights violations, and other federal offenses. The FBI is also the primary federal domestic counter-terrorism and counter-intelligence agency.

The Committee supports funding the FBI at levels necessary to achieve its important objectives.

Drug Enforcement Administration

The Drug Enforcement Administration (DEA) is the lead federal agency tasked with reducing the illicit supply and abuse of narcotics and drugs through drug interdiction and seizing of illicit revenues and assets from drug trafficking organizations.

The Committee supports funding DEA at a level necessary to accomplish its mission.

Bureau of Alcohol, Tobacco, Firearms and Explosives

The mission of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) is to reduce violent crime, prevent terrorism, and protect the United States through enforcing laws and regulating the firearms and explosives industries. Congress must do more to address gun violence in our communities, and must fund the Justice Department's relevant agencies and programs at appropriate levels, including increasing funding for the investigations and inspections functions of the ATF in addition to any further resources that may be allocated to the processing of applications for regulated firearms and related devices.

Federal Prison System

The Federal Bureau of Prisons (BOP) is responsible for the custody and care of federal offenders in prisons and community-based facilities. BOP is currently responsible for housing approximately 180,000 federal offenders, which includes sentenced inmates as well as persons awaiting trial and/or sentencing.

The BOP cannot control the number of inmates committed to its custody, and adequate resources are needed to assure the safety of inmates, employees, and visitors, while providing appropriate rehabilitation for offenders. Therefore, the Committee supports funding for BOP at a level that ensures that BOP can securely and humanely house all of the inmates in its care as well as fully activate its newly constructed prison facilities to help relieve prison overcrowding in existing facilities and add space for new inmates.

Federal Prison Industries, Incorporated

The Committee supports the work of Federal Prison Industries, Incorporated (FPI). Statistics from the Bureau of Prisons reveal that inmates who participate in work programs are 24% less likely to offend again, 14% more likely to find work outside of prison, and less likely to have misconduct issues in prison. The Committee supports funding FPI at a level necessary to support its mission.

Office on Violence Against Women

The Office on Violence Against Women ("OVW") provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act ("VAWA"). Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

The authorization for VAWA has lapsed and it is imperative that its programs be not only extended, but also updated to better prevent and address instances of domestic violence, dating violence, sexual assault, and stalking. Therefore, we support full funding and increased investment to ensure that programs under VAWA operate at an even greater level of effectiveness.

Community Oriented Policing Services

Community-Oriented Policing Services ("COPS") is an important tool in the effort to fight crime. Implemented in 1994, COPS focuses on local strategies to fight crime and has been praised by federal, state, and local law enforcement and political officials.

The Committee supports funding for COPS at levels appropriate to ensure the effectiveness of the program.

Office of Justice Programs

The Office of Justice Programs (OJP) works in partnership with the justice community to identify crime-related challenges confronting the justice system and to provide information, training, coordination, and strategies and approaches for addressing such challenges. OJP administers grant funding in the areas of Research, Evaluation and Statistics; Juvenile Justice Programs; and State and Local Law Enforcement Assistance.

The Committee supports funding of OJP programs at levels appropriate to ensure effectiveness in program administration.

Byrne Justice Assistance Grants

The Byrne Justice Assistance Grants (Byrne JAG) program provides direct grants to states and local communities for a number of criminal justice purposes. It is the only source of federal funding for multi-jurisdictional efforts to prevent, fight, and prosecute drug-related and violent crime.

The Committee supports funding these programs at appropriate levels.

DNA Backlog Elimination

The Committee supports full funding for the Debbie Smith Act, which was reauthorized this year, to reduce the backlog of DNA evidence in the nation's labs, as well as the Innocence Protection Act, which funds post-conviction DNA testing.

Juvenile Justice

This account includes programs that support state, local, and tribal community efforts to develop and implement effective and coordinated prevention and intervention juvenile programs. The objectives of these programs are to reduce juvenile delinquency and crime, improve the juvenile justice system so that it protects public safety, hold offenders accountable, and provide treatment and rehabilitative services tailored to the needs of juveniles and their families.

The Committee supports funding the Juvenile Justice programs at appropriate levels.

Second Chance Act

The Second Chance Act of 2008, as amended and reauthorized in 2018 provides critical grants to establish and expand various adult and juvenile offender reentry programs and funds reentry-related research. The Committee supports funding the Second Chance Act at appropriate levels.

National Criminal History Improvement and NICS Improvement Amendments Act

The National Criminal History Improvement Program (NCHIP) provides grants and technical assistance to help states and territories improve the quality, timeliness, and immediate accessibility of their criminal history and related records. The NICS Act Records Improvement Program (NARIP) grants help to address gaps in the information available to the National Instant Criminal Background Check System (NICS) by providing grants to states for the establishment or upgrade of information and identification technologies related to firearms purchasing eligibility determinations. Both programs were reauthorized by the Fix NICS Act in 2018.

Congress must increase funding assistance that the Justice Department provides states in connection with records that are included in NICS, including the funding of programs reauthorized through the Fix NICS Act.

Comprehensive Addiction and Recovery Act (CARA)

The Comprehensive Addiction and Recovery Act leverages the Drug Courts Program, Residential Substance Abuse Treatment Program, Prescription Drug Monitoring Program, Mental Health Courts Program, Adult and Juvenile Collaboration Program, and Veterans Treatment Courts Program, together with additional, new purpose areas, to offer communities desperately needed resources to respond to the epidemic of abuse use disorders. The Committee supports full funding for these grants.

First Step Act

Our nation's criminal justice system is in dire need of reform. Recognizing this, many states have adopted legislation to both address injustices and to stop wasting taxpayers' money on policies that are also ineffective. It is time for Congress to do the same for the federal criminal justice system.

In 2018, the First Step Act, a bipartisan measure to to allow some federal prisoners to earn early entrance into pre-release custody by participating in programs or activities to reduce recidivism, was enacted. The First Step Act also required that a number of other reforms be implemented in the federal prison system and provided limited but important relief from some mandatory minimum sentencing provisions. We urge the provision of full funding of the First Step Act, particularly as the Federal Bureau of Prisons works to significantly expand recidivism reduction programming.

Congress must also consider reforms that address injustices for individuals and generate cost savings for our citizens, with the goal of reducing our prison population while preserving public safety. This effort may include consideration and oversight of statutes carrying mandatory minimum sentences. Criminal justice reform, if pursued in an appropriately aggressive and comprehensive way, would save money, and cost savings could be re-invested in other initiatives that we know would reduce crime and make our communities safer.

DEPARTMENT OF COMMERCE

U.S. PATENT AND TRADEMARK OFFICE

The U.S. Patent and Trademark Office (USPTO) issues patents and registers trademarks, which provide protection to inventors and businesses for their inventions and corporate and product identifications. The agency also advises other government agencies on intellectual property issues and promotes stronger intellectual property protections in other countries.

The USPTO is funded through user fees that are paid by individuals and businesses that file for patent and trademark protection or use other USPTO services. These fees are deposited in a special account at the Treasury. Although passage of the Leahy-Smith American Invents Act resulted in additional safeguards that allow the agency to devote all fees collected toward supporting operations, as a practical matter, the agency still must be appropriated fees collected through annual appropriations acts. The Committee therefore supports full funding for USPTO.

DEPARTMENT OF HOMELAND SECURITY

U.S. CUSTOMS AND BORDER PROTECTION

U.S. Customs and Border Protection (CBP) is the federal agency within the Department of Homeland Security principally responsible for the security of the nation's borders, at and between the land ports of entry and at our seaports and airports.

The Committee supports funding CBP at levels necessary to accomplish its various missions. The Committee also supports the use of funding for the addition and improvement of Border Patrol facilities.

U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT

U.S. Immigration and Customs Enforcement (ICE) is the largest investigative arm of DHS. Comprised of several components from the former Immigration and Naturalization Service (INS) and the U.S. Customs Service, the agency combines the investigative, detention and removal, and intelligence functions of the former INS with the investigative and intelligence functions of the former Customs Service. ICE's mission is to promote homeland security and public safety through the criminal and civil enforcement of federal laws governing immigration, customs, and trade.

The Committee supports funding ICE at levels necessary to accomplish its missions.

U.S. SECRET SERVICE

The Secret Service is tasked with dual law enforcement missions: protection of national and visiting foreign leaders and conducting criminal investigations. Criminal investigation activities encompass financial crimes, bank fraud, mortgage fraud, identity theft, counterfeiting, and computer fraud. Secret Service protection extends to the President, Vice President, and their families, among others.

The Committee supports funding the U.S. Secret Service at a level necessary to accomplish its missions.

U.S. CITIZENSHIP AND IMMIGRATION SERVICES

U.S. Citizenship and Immigration Services (USCIS) administers the immigration service functions described in the Immigration and Nationality Act, such as adjudicating citizenship and immigration benefit applications and petitions. USCIS is also the agency responsible for implementing and maintaining E-Verify, the federal government's electronic system that allows employers to check the work eligibility of their employees.

USCIS is principally a fee-based agency. The Committee supports funding USCIS at levels necessary to accomplish its various naturalization and immigration benefit missions that are not covered by immigration benefits fees.

OFFICE OF BIOMETRIC IDENTITY MANAGEMENT

The Committee supports sufficient funding to meet entry-exit requirements first mandated by Congress in 1996 in order to identify who is entering and exiting the country. The Committee supports the use of unobligated funds appropriated in previous years to proceed with implementation. The Committee recommends that the Office of Biometric Identity Management be funded at a level that will enable it to achieve full implementation.

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF REFUGEE RESETTLEMENT (HHS)

The Office of Refugee Resettlement (ORR) within the Department of Health and Human Services (HHS) provides assistance and services to refugees, asylees, unaccompanied alien minors, victims of human trafficking, and certain Amerasian, Iraqi, Afghan, Cuban, and Haitian immigrants. ORR assists these populations by providing a range of services, including cash and medical assistance, housing assistance, and economic and social integration services.

The Committee recommends that ORR be funded at levels necessary to accomplish its missions.

HEALTH CARE FRAUD AND ABUSE

The Health Insurance Portability and Accountability Act (HIPAA) directed that the Department of Justice (DOJ) and the Department of Health and Human Services (HHS) establish a joint Health Care Fraud and Abuse Control (HCFAC) program. Funding to combat health care fraud is a sound investment from the standpoint of protecting our citizens and recapturing money obtained by criminals. Through these efforts, DOJ and HHS have obtained billions of dollars, allowing recoveries and payments to the Medicare Trust Fund and funding for victim programs, yielding a high return-on-investment for the HCFAC program.

Therefore, the Committee urges appropriate funding for this program.

OFFICE OF MANAGEMENT & BUDGET

U.S. OFFICE OF THE INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR (US-IPEC)

Intellectual property theft presents a substantial threat and imposes significant harm, including major economic damage, to the United States. To address this problem, the Committee authorized, through the Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act of 2008 (Public Law No. 110-403), the creation of an Intellectual

Property Enforcement Coordinator (IPEC) within the Executive Office of the President. The IPEC chairs an interagency intellectual property enforcement advisory committee, coordinates the development of the Joint Strategic Plan against counterfeiting and infringement, and provides other assistance in the coordination of intellectual property enforcement efforts. The first IPEC was appointed in December 2009. The Committee again urges the Administration to provide a detailed plan to keep the office staffed with permanent full-time equivalents, appropriate resources, and a travel budget. This plan will assist the Committee in determining what funding levels are necessary to meet the objectives of the PRO-IP Act.

The Committee supports funding the IPEC at the level necessary to enable the IPEC to fully execute his statutory duties.

OFFICE OF INFORMATION AND REGULATORY AFFAIRS

The Office of Information and Regulatory Affairs (OIRA) implements executive regulatory oversight activities under Executive Order 12866 (Regulatory Planning and Review)~~,~~ and Executive Order 13563 (Improving Regulation and Regulatory Review), among other authorities; reviews collections of information from the public; provides guidance concerning the acquisition, use and management of federal information resources; and, coordinates policy direction on federal statistical activities. In recent years, concerns have grown that OIRA may not have sufficient staff and resources to fully execute all of its duties.

The Committee supports funding OIRA at the level necessary to enable it to execute fully its statutory and other duties.

FEDERAL TRADE COMMISSION

BUREAU OF COMPETITION

The Federal Trade Commission's Bureau of Competition shares jurisdiction to enforce the nation's antitrust laws with the Antitrust Division of the Justice Department.

The Committee supports funding the Bureau of Competition at a level necessary to accomplish its mission.

OTHER ENTITIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

The Administrative Conference of the United States (ACUS) is an independent, nonpartisan agency that was created to analyze the federal administrative law process and to provide Congress, the President, the Judicial Conference of the United States, and federal agencies with recommendations and guidance.

The Committee supports funding ACUS at a level necessary to accomplish its mission.

COMMISSION ON CIVIL RIGHTS

The Commission on Civil Rights was established by the Civil Rights Act of 1957 (Public Law No. 85-315), to serve as a bipartisan, fact-finding agency to investigate and report on the status of civil rights and inform the development of national civil rights policy. The Committee will examine the continuing mission of the Commission and its ability to perform core functions in its current configuration and level of funding.

The Committee supports funding the U.S. Commission on Civil Rights at levels necessary to perform its mission.

COPYRIGHT OFFICE

The U.S. Copyright Office is required by statute to independently advise Congress, the judiciary, and other federal agencies on domestic and international copyright law and policy; to participate in international meetings and events concerning copyright; and to conduct studies and programs related to its duties. The U.S. Copyright Office is responsible for registering copyright claims and renewals, vessel hull designs, and mask works; recording assignments and related documents; acquiring U.S. copyrighted works for possible inclusion in the Library of Congress collections; creating and making available records of copyright ownership; and providing copyright information to the public. The Copyright Office is engaged in a multi-year project to meet its responsibilities in this digital age by making necessary technological upgrades to its systems and processes. The Copyright Office is funded, in part, through the collection of fees received for services rendered.

The Committee supports funding for the Copyright Office at a level necessary for the Office to accomplish its various missions and necessary technology upgrades independent of the Library of Congress.

LEGAL SERVICES CORPORATION

The Legal Services Corporation (LSC) is a non-membership, non-profit corporation established by federal statute to provide funding for civil legal assistance to low-income Americans. The Committee recognizes the importance of affording meaningful access to courts by providing low-income Americans the opportunity to have legal counsel.

The Committee supports funding LSC at its requested level.

OFFICE OF GOVERNMENT ETHICS

The Office of Government Ethics (OGE) is responsible for providing the overall direction of executive branch policies designed to prevent conflicts of interest and to ensure high ethical standards. In partnership with executive branch agencies and departments, OGE develops ethics training courses and other educational materials for government employees, conducts on-site reviews of existing ethics programs, and provides advice and guidance on the Standards of

Ethical Conduct for Employees of the Executive Branch. The Committee recognizes the critical work of OGE in maintaining the public's trust in government by ensuring that public officials comply with conflicts-of-interest requirements and other ethical standards.

The Committee supports funding OGE at a level necessary to accomplish its various missions.

STATE JUSTICE INSTITUTE

The State Justice Institute was established by federal law in 1984 to award grants to improve the quality of justice in State courts, facilitate better coordination between state and federal courts, and foster innovative, efficient solutions to common issues faced by all courts.

The Committee supports funding the State Justice Institute at a level necessary to accomplish its mission.

NATURAL RESOURCES
COMMITTEE
CHAIR RAÚL M. GRIJALVA

116th Congress
Views and Estimates

HOUSE COMMITTEE ON NATURAL RESOURCES MAJORITY
FISCAL YEAR 2021

Department of the Interior

Sexual Harassment

In 2017, results of an anonymous Department-wide survey showed that harassment, including sexual harassment, is a significant problem at DOI. There are several organizational risk factors that put DOI employees at increased risk for harassment, including isolated workplaces, homogenous workforces, and gendered power disparities, among others. DOI has made some important policy and programmatic changes, but fully addressing the cultural issues that underpin a persistent harassment problem requires a major commitment of leadership and resources over time. Funding for a subsequent DOI-wide employee survey is necessary to measure the Department's progress in addressing this issue. The FY21 budget does not provide funding dedicated specifically to harassment prevention efforts, calling into question DOI's ability and commitment to sufficiently address the problem.

Department Reorganization

DOI has stood up a new layer of 12 regions across the country and claims to have adequate funding from prior years' appropriations to relocate BLM headquarters personnel to Grand Junction, Colorado, and other points throughout the West. Analyses detailing the justification and potential impacts of these actions have either been superficial or nonexistent.

The relocation of BLM is of particular concern. On July 15, 2019, it was reported that some BLM headquarters staff would be moved to Grand Junction, near the hometown of Secretary David Bernhardt, while others would be relocated to BLM state, district, and field offices throughout the country. By mid-September, DOI had acquired new office space in Grand Junction, and, in mid-November, affected staff were given 30 days to decide whether they were willing to relocate to a new duty station. The abrupt nature of this announcement raised concerns that the relocation is being conducted without sufficient analyses or planning, which were backed by a recent report by the Government Accountability Office (GAO).[1] The relocation is a drain on the budget, and will impede BLM's ability to effectively manage our public lands, reduce institutional knowledge through the loss of staff, sever connections with Congress, reduce issue expertise in the Washington, D.C., region, and could have dramatic negative impacts on diversity at BLM. The GAO found that 81 of the 179 BLM staff directed to be relocated had declined their reassignment,[2] and Secretary Bernhardt testified before the Senate that only 80 of 174 staff directed to relocate would do so.[3] The lack of consistency regarding the number of staff asked to move is concerning, as is the significant attrition of some of the most senior and experienced staff at one of the nation's key public land management agencies.

Bureau of Indian Affairs (BIA)

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[1] U.S. Government Accountability Office, *BUREAU OF LAND MANAGEMENT: Agency's Reorganization Efforts Did Not Substantially Address Key Practices for Effective Reforms*, GAO-20-397R, March 6, 2020.
[2] https://www.gao.gov/assets/710/705175.pdf
[3] https://www.eenews.net/eenewspm/stories/1062526367/search?keyword=bernhardt+blm+senate

The Bureau of Indian Affairs (BIA) provides services to approximately 2 million American Indians and Alaska Natives that are members of the 574 federally recognized American Indian tribes and Alaska Native villages in the United States. The BIA is also responsible for the administration and management of 55 million surface acres and 57 million acres of subsurface mineral estate held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. The mission statement of the BIA is "to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian tribes, and Alaska Natives."

The United States' relationship with Native American tribes reflects centuries of history enshrined in treaties, as well as hundreds of years of federal policy and jurisprudence recognizing a fiduciary responsibility on the part of the United States toward tribes. Special programs for Native Americans are derived from this trust responsibility.

The federal programs designed to uphold the federal trust responsibility should not be construed to be a handout or entitlement for the purposes of providing adequate funding for BIA and its related programs. Current funding levels across the board are harmfully inadequate, and any program cuts or eliminations will only exacerbate the current hardships faced by tribes and their members.

The BIA budget must reflect its mission statement and the federal trust responsibility to indigenous peoples by fully funding programs and offices. Direct funding that is allotted to tribes should be increased. The BIA should also guarantee that grant-funded programs allow tribes the flexibility to spend funding on creating culturally competent programs that work for their specific communities. Establishing funding to promote safety, financial security, social welfare, and housing for Native communities must be a priority for the BIA.

Office of Justice Services: The Office of Justice Services directly operates or funds the Division of Corrections, Division of Drug Enforcement, Division of Highway Safety, and Emergency Management Division, which oversee law enforcement, investigations, tribal courts, and detention centers. The BIA must prioritize funding the programs within this office equally, without preference to any one program. Tribal justice systems include a holistic purview including law enforcement, investigations, court systems, victim assistance, and detention centers. Any deviation from funding all programs is a fast track to inefficiencies.

For FY21, tribal courts should be funded at least $83 million, with incremental increases over the next four years. The BIA estimates that full funding for tribal courts would cost $1 billion, however, FY20 funding for tribal courts was only $51.5 million, or five percent of the estimated need. More than 200 tribal police departments help to maintain public safety on over 50 million acres of tribal lands within 48 contiguous states. FY20 funding for criminal investigations and police services was $216 million, with only $105 million for detention/corrections. BIA estimates the total cost for basic law enforcement and detention services in Indian country is $1.2 billion. Tribal police departments and detention centers need at least $573 million in FY21, including incremental increases of $200 million over the next five years in order to finally reach the funding level to meet needs. The lack of funding in victim assistance and investigations is unacceptable, and BIA must prioritize funding for these programs to drastically aid in decreasing violence against native women and reducing the number of murdered and missing indigenous women.

Office of Indian Services: The Office of Indian Services facilitates support for tribal families and tribal governments by enhancing self-sufficient rights and protection of lives. This office must be funded to uphold tribal sovereignty and maintain the federal government's fiduciary responsibility. Instead, huge cuts to many programs are proposed in the FY21 budget, especially in programs that protect native children. The budget drastically cuts funding for the welfare assistance program (from $74 million to just $16 million), claiming that aid under this program in "duplicative" of state and local efforts. This is not the case, as such this program should instead be funded at $80 million. While Indian child welfare funding (including on, near, and off reservation) is increased by $1.2 million (to $16.8 million), it is still barely 50% of the stated need of $27 million. Additionally, child and family violence protection programs should be funded at $43 million, and housing improvement programs at $23 million. The budget must also fully fund the Division of Self-Determination Services to promote and develop tribal capacity for self-determination through training and technical assistance and increase direct tribal funding.

As was witnessed during the recent partial federal government shutdowns, sustainable funding is essential to the safety of tribal roads. When federal funding is not consistently available for road maintenance projects, tribes are not able to address drastic changes to road conditions due to weather. The FY21 budget must adequately fund the Tribal Transportation Program and other programs in the Division of Transportation to ensure tribal roads are well maintained.

Office of Trust Services: The Office of Trust Services works with tribes and individual American Indians and Alaska Natives in the management of their trust lands, assets, fee-to-trust, natural resources, and real estate services. With BIA funding, tribes will be able to fully use management tools for lands and natural resources. Instead of the cuts proposed in the FY21 budget, natural resource programs should instead be increased to $12 million (from $9.2 million in FY20), and tribal management and development program funding should be increased to $25 million (from $13.1 million in FY20).

Bureau of Indian Education (BIE)

The Bureau of Indian Education (BIE) provides education services to approximately 42,000 Indian students at 183 Bureau-funded elementary and secondary schools located on 64 reservations in 23 states. The BIE estimates that the cost to replace or repair the existing facilities in poor condition is $1.3 billion. Additionally, the deferred maintenance backlog is estimated to be over $377 million. The administration and Congress must prioritize funding for construction and repair of BIE schools. Sadly, the administration's FY21 proposal once again zeroes out both the Replacement School Construction and Replacement Facility Construction accounts, and cuts Facilities Improvements and Repairs funding. It instead proposes to fill the funding gap with a new Public Lands Infrastructure Fund, which would attempt to fund repairs and improvements at BIE schools with a portion of the additional revenues from oil and gas leases.

At least $430 million is needed in FY21 to cover school construction and repair, an increase of $195.3 million over FY20 enacted levels. Additionally, BIE facilities' operations and maintenance funding must be at least $185 million to assist in BIE school utilities as well as upkeep. Investing in BIE facilities maintenance must be a priority to ensure the deferred maintenance backlog does not increase over the next five years. Given the high cost of transportation due to rural roads on tribal lands, BIE student transportation funding should be increased from $57 million to $73 million.

It is imperative to fund the Indian School Equalization Program (ISEP) at $431 million to ensure adequate funding for core staff, instead of at the proposed level of $409 million. The ISEP formula funds serve as the primary funding source for educational programs at BIE-funded elementary and secondary schools. These funds are the single largest component of BIE funding and are provided directly to schools.

To provide equity among BIE schools, at least $40 million should be provided for education for information technology and broadband, instead of the proposed $15 million. Software and IT infrastructure must not be an afterthought while striving to provide quality education to Native students.

Bureau of Land Management (BLM)

The Bureau of Land Management (BLM) manages more than 246 million acres of land and 700 million acres of subsurface mineral estate under the principles of multiple use and sustained yield. On its lands, BLM oversees conventional and renewable energy development, grazing, wildlife, recreation, timber harvesting, and more. BLM also manages the National Conservation Lands, which are managed primarily for conservation rather than multiple use.

Regarding the management of lands, recreation, and wildlife, the BLM FY21 budget should invest in climate resiliency on our public lands, making sure that the public lands are prepared for the threat of climate change, and recognizing that they serve a role in sequestering emissions and providing refuge for wildlife, protections for clean water, and other key ecosystem services.

Resource Management Planning: Resource Management Plans (RMP) provide the blueprint for multiple-use utilization of our public lands. They allow BLM to identify areas based on their most appropriate uses and help ensure further agency decisions protect those uses. However, recent RMPs have strayed significantly from the balanced approach typically adhered to in the past. In recent RMP updates, including those for the Bering Sea West, Lewistown, Missoula, Four Rivers, and Uncompahgre planning units, BLM has consistently chosen to limit protections in favor of preserving access for oil and gas and other extractive activities. Recent RMPs have reduced the acreage designated as Areas of Critical Environmental Concern, failed to protect lands with wilderness characteristics, and removed other longstanding protections, even when those protections were supported by local communities or recommended by agency experts. Now, BLM is asking for a significant reduction to its planning budget and for funding to update its planning regulations, reportedly to exempt agency planning from environmental review and public comment. These efforts are unacceptable. Agency planning funding should require appropriate conservation protections on our public land, and funding should not be provided for agency planning regulation updates that limit environmental protections or public input.

Wildlife Habitat Management: BLM is tasked with managing its lands for the protection of wildlife habitat, both for threatened and endangered species and non–Endangered Species Act programs such as sagebrush habitat improvement. BLM's FY21 budget request proposes major cuts to habitat management, both terrestrial and aquatic, at a time when climate change requires increased stewardship and protection of our public lands. BLM's request for major reductions for habitat management accounts should be rejected, and robust funding for habitat management should prioritize the protection and maintenance of climate-resilient ecosystems.

Grazing: BLM administers over 20,000 grazing allotments across approximately 150 million acres. Unfortunately, data from within BLM suggests that 29 percent of this acreage has failed to meet BLM standards for rangeland health directly due to grazing, and there are reasons to believe the actual amount of grazing-degraded land is significantly higher.[4] At the same time, BLM plans to maintain its well-below-market-value grazing fees at $1.35 per animal unit month (AUM) while slashing funding for their rangeland management program by $12.5 million. It is unacceptable that BLM continues to ask taxpayers to subsidize public lands grazing while failing to limit the negative impacts that unmanaged and poorly managed grazing has on these public holdings. Furthermore, it is especially concerning that BLM is asking for funding to rewrite its grazing regulations to provide this program less oversight and expedited permitting authorities

[4] https://www.peer.org/campaigns/public-lands/public-lands-grazing-reform/blm-grazing-data.html

under the National Environmental Policy Act (NEPA). Grazing fees should be increased to provide the necessary funding to restore degraded rangelands, and funding provided to agency regulation rewrites should ensure that any such updates are in the best interest of environmental protection and rangeland health.

Outdoor Recreation: Public lands are the backbone of an outdoor recreation economy that supports millions of jobs and generates billions of dollars in economic activity. Many of these jobs go toward revitalizing rural and impoverished communities, especially those seeking to move away from the toxic legacies of extractive industries on our public lands. BLM should prioritize funding for enhancing access to public land recreation through increased funding for land acquisition. By emphasizing recreation, BLM can promote activities supported by local communities that provide significant economic benefits without exposing American communities to the adverse health and environmental impacts of drilling or mining.

National Conservation Lands: Over the past two decades, BLM's National Conservation Lands (NCL; formerly the National Landscape Conservation System) has grown into one of America's premier conservation systems, preserving nearly 15 percent of all BLM lands as National Monuments, Wilderness Areas, Wild and Scenic Rivers, and other protective designations. This system demonstrates a prioritization, by both Congress and the American people, of robust conservation and habitat protection on public lands. These protections will be especially important in the face of climate change, as protected public lands are a critical component of our national climate adaptation strategy. The Committee recommends robust funding for NCL and recommends increasing budgetary authorities for studies and land acquisition to continue to build upon this important conservation network.

Alaska Conveyances: BLM is utilizing funding to convey millions of acres of land protected under the Alaska Native Claims Settlement Act by rescinding the public land orders that withdrew these lands from extractive activities. This process has seemingly included limited or no environmental review, and no consultation with tribal communities impacted by these rescissions. BLM funding should ensure that any removal of land protections, particularly on lands tribal communities utilize for subsistence uses, include environmental reviews and consultation with all impacted parties and relevant stakeholders.

Energy & Minerals: For its energy and minerals program, BLM's FY21 budget should make investments that promote safe and environmentally sound energy development on public lands, consider the role of public lands in mitigating and adapting to climate change, and ensure taxpayers receive a fair return for the use of the public's resources.

Oil and Gas Program: Over the last three years, BLM has prioritized the development of oil and gas at the expense of other public land uses and, in many instances, against the desires of local communities. If BLM is going to continue such lopsided management of energy resources, the agency should implement reforms such as raising revenues by adjusting onshore royalty and rental rates, protecting taxpayers by increasing financial assurance amounts, and safeguarding our water and air by reinstituting hydraulic fracturing and methane regulations, among other long overdue changes. Furthermore, BLM should establish an oil and gas inspection fee. Unlike offshore oil and gas, where the industry pays its share for safety and measurement inspections, the taxpayers pay the full cost for BLM to inspect onshore oil and gas operations. Establishing inspection fees for onshore oil and gas would help provide the resources BLM needs to ensure that companies are operating safely and responsibly on public lands. The proposed fee is estimated to generate approximately $48 million per year.

Abandoned Hardrock Mine Lands Fee: According to the Government Accountability Office, there are estimated to be more than 500,000 abandoned mine sites on public and private lands in the United States, with over 100,000 known sites on BLM lands alone.[5] A recent article found that more than 50 million gallons of toxic wastewater–the equivalent of 5,000 tanker trucks–flows from abandoned mines every day.[6] Cleanup of these abandoned mines is currently paid for by taxpayers rather than the mining industry, and existing funding sources are inadequate to truly address this problem. Instituting a reclamation fee for material displaced during hardrock mining operations, similar to how coal companies fund the Abandoned Mine Reclamation Fund, would raise $1.8 billion over 10 years toward abandoned hardrock mine cleanups. Implementing this fee would lower discretionary spending on mine cleanups for which taxpayers currently foot the entire bill and provide sorely needed resources to greatly speed the reclamation of these dangerous and environmentally damaging sites.

Renewables: Our public lands are home to some of the most plentiful wind, solar, and geothermal resources in the country, yet the administration has paid lip service to renewable energy by claiming support for an "all-of-the-above" energy strategy while simultaneously trying to drastically cut renewable energy programs and prioritize oil, gas, and coal. There is a tremendous opportunity to take advantage of the abundant renewable energy resources in western states, but BLM must have effective leadership, policy guidance, and regulations in place to support the growing U.S. renewable energy industry. Funding for renewable energy programs and staffing levels at BLM should be greatly increased in order to build on the tremendous momentum on renewable energy generated by the Obama administration. With effective leadership and science-based policies, our public lands can propel the country's transition to a clean energy economy in a way that considers community input, protects sensitive environments, and supports job creation in local communities.

Bureau of Ocean Energy Management (BOEM)

The Bureau of Ocean Energy Management (BOEM) manages the development of the nation's offshore resources, including management of oil and gas lease sales and oversight of renewable energy siting on the Outer Continental Shelf (OCS).

Offshore Oil and Gas Program: In early 2017, BOEM began planning for a new Five-Year OCS Oil and Gas Leasing Program to replace the 2017–2022 Program that was approved by the Obama administration on January 17, 2017. This was completely unnecessary, since lease sales are already scheduled through 2022, and it has squandered taxpayer dollars and BOEM resources that the agency could have devoted to growing America's offshore wind industry, conducting additional scientific studies on our oceans and resources, or meeting other agency needs. On January 4, 2018, BOEM published the 2019–2024 Draft Proposed Program (DPP) for the five-year plan, which proposed opening up more than 90 percent of the OCS to oil and gas leasing, including the entirety of America's Atlantic, Pacific, and Arctic coasts. Many of the communities along our nation's coasts rely on clean oceans and beaches to power the tourism and outdoor recreation economies their residents depend on. In April 2019, Secretary Bernhardt announced the new five-year program had been placed on hold due to the uncertainty created by legal action regarding areas in the Alaska OCS. Then, in the FY21 budget, BOEM requested a decrease of $12.5 million for the National OCS Oil and Gas Leasing Program, claiming, "[funds] are not needed at this time, as development of the program is currently on hold." Given the amount of time necessary to complete a new five-year

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[5] U.S. Government Accountability Office, *ABANDONED HARDROCK MINES: Information on Number of Mines, Expenditures, and Factors That Limit Efforts to Address Hazards*, GAO-20-238, March 2020.
[6] M. Brown, "50M gallons of polluted water pours daily from US mine sites." *Associated Press.* (February 20, 2019) *https://apnews.com/8158167fd9ab4cd8966e47a6dd6cbe96*

program plan and the stated need of BOEM to have a new program in place by mid-2022 to avoid a lapse in offshore lease sales, the Committee is skeptical that BOEM is being forthright about the status of the next five-year leasing program. Requesting no money for development of the program in FY21 implies that BOEM is already very far along in the development of the Proposed Program, the next step in the planning process after the DPP. BOEM should explain to the American people exactly what areas are still being considered for leasing in the unreleased Proposed Program and should commit to not issuing a new Five-Year Program that would include sales before mid-2022.

Offshore Renewables: American's offshore wind resources are a largely untapped source of sustainable, carbon-free energy and hold significant potential to power coastal regions and create new jobs. While the U.S. offshore wind technical potential is roughly double the entire country's electricity consumption, only a single offshore wind project is operational as of today, and there are no wind turbines at all in federal waters. BOEM is currently conducting a Supplemental Environmental Impact Statement (EIS) for the proposed Vineyard Wind offshore wind farm in Massachusetts in order to study the cumulative impacts of offshore wind development along the Atlantic coast. While it is important to fully understand the cumulative impacts of offshore wind, this study is completely out of step with the administration's application of NEPA when it comes to fossil fuel development and the administration's proposed rewrite of NEPA regulations, which seeks to eliminate requirements for cumulative impact analyses. The delay has caused significant hardship for Vineyard Wind and has the potential to delay other offshore wind projects awaiting review. BOEM must prioritize completion of this EIS so that the offshore wind industry can finally start contributing to our nation's energy mix and helping to reduce greenhouse gas emissions.

Bureau of Reclamation (Reclamation)

The Bureau of Reclamation (Reclamation) is the largest supplier and manager of water in the western United States and is responsible for constructing, maintaining, and managing water infrastructure across the 17 western states. This includes hundreds of dams, reservoirs, hydroelectric power plants, water reuse projects, and other associated infrastructure.

Reclamation's budget must begin to prioritize funding for new water infrastructure that is resilient to climate change. Climate change is already affecting the hydrology of the western United States: average temperatures are on the rise and snowpack—a major water source for the West—is declining. To properly address future challenges to our water supply, Reclamation must responsibly fund modern water infrastructure such as desalination and water reuse projects, which provide communities with virtually drought-proof water supplies that are not directly linked to weather conditions such as droughts, which are becoming more frequent and severe due to climate change.

Reclamation's budget must also properly fund programs like WaterSMART, a competitive cost-shared grant program established to increase water supply reliability through infrastructure and other investments. WaterSMART provides cost-shared funding for water and energy efficiency grants, Title XVI water reclamation and reuse projects, drought response, western river basin studies, and watershed management. Over the past decade, WaterSMART has leveraged $940 million in federal funds to spur more than $3 billion in non-federal funding for water supply improvements. Given that Reclamation has an estimated backlog of $977 million for eligible Title XVI water reuse projects, current funding levels must be increased dramatically. Reclamation should prioritize funding for WaterSMART, Title XVI water reuse, and other modern infrastructure projects that similarly promote climate change resiliency.

Additionally, many tribal communities across the country today live without running water and basic water infrastructure, even though the federal government has a trust responsibility to help ensure tribal water access. Reclamation must increase funding to implement Indian water rights settlements and rural water projects that deliver potable water to tribal communities.

Roughly half of Reclamation's dams are between 70 and 120 years old. Recognizing the challenges posed by this aging infrastructure, it is critical to maintain robust funding levels for water project rehabilitation, extraordinary maintenance, and Reclamation's Dam Safety Program.

Bureau of Safety and Environmental Enforcement (BSEE)

The Bureau of Safety and Environmental Enforcement (BSEE) is responsible, primarily, for permitting and regulating offshore oil and gas activities and conducting oil spill response research. BSEE was created in the aftermath of the *Deepwater Horizon* catastrophe and has been provided increased funding to build its inspection and permitting capabilities above those of the former Minerals Management Service.

While the Trump administration has proposed to open over 90 percent of America's oceans to risky oil and gas drilling, BSEE has weakened offshore safety and environmental rules that were implemented following the *Deepwater Horizon* oil spill. In May 2019, BSEE finalized revisions to the 2016 Well Control Rule–revisions that decreased the frequency of blowout preventor testing and decreased transparency in near-miss safety reporting. Instead of weakening critical safety rules, BSEE should focus on enforcing existing regulations, conducting sound permitting, implementing risk-based inspections, and requiring real-time onshore monitoring of offshore activities. As BSEE weakens safety regulations, it is also requesting a decrease of $2.2 million (14 percent) for its Oil Spill Research program, which plays a pivotal role in initiating applied research to support decision making on methods and equipment needed to prevent or mitigate oil spills. Ten years after the *Deepwater Horizon* disaster released 200 million gallons of oil into the ocean, BSEE should be expanding oil spill research, not significantly cutting this program.

BSEE currently collects around $65 million, or nearly a third of its budget, through inspection fees levied on production platforms and drilling rigs. Active drilling rigs are inspected approximately once a month, and a fee is charged for each inspection. In contrast, production platforms are charged a single annual fee based on the number of wells, not the number of inspections. BSEE should move to a per-inspection fee for production platforms, which would incentivize operators to keep platforms in regulatory compliance, as high-violation facilities are inspected more often.

National Parks Service (NPS)

The National Park Service Organic Act of 1916 (P.L. 64-235) established the agency with the clear mission, "to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." Reaffirmed by the 1978 Redwoods National Park Expansion Act (P.L. 95-250), the Organic Act, above all else, directs the NPS to manage parks to conserve their natural, cultural, and historic resources unimpaired for eternity. The National Park System consists of 418 units covering more than 85 million acres in every state, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. These areas include national parks, monuments, battlefields, military parks, historical parks, historic sites, lakeshores, seashores, recreation areas, scenic rivers and trails, and the White House. It is our responsibility to help fulfill the NPS' mission of protecting and preserving our natural and cultural resources for future generations by providing the NPS with a sound budget that meets its operational needs.

The American public continues to support expanding and diversifying conservation and recreation opportunities within our National Park System. Responding to a steady demand from Members of both parties, Congress rightly continues to authorize new site studies, new parks, and new memorials and commemorations that reflect the varied and changing cultures and interests of the American people. Approving these units, but then denying the agency the increased funding required to effectively plan, construct infrastructure, manage, and staff the sites is a disservice to future generations and sets the National Parks up for failure.

Following the National Park Service's 100th anniversary in 2016, the 114th and 115th Congresses failed to make the necessary investments to ensure the legacy of "America's Best Idea." While the National Park Service Centennial Act (P.L. 114-289) modestly enhanced park funding and identified new revenue streams to improve visitor experience and address critical maintenance within the parks, it failed to provide the necessary funding required to ensure our national parks are ready for the next hundred years and beyond. For example, the Act precluded spending money to address the maintenance requirements of support facilities and neglected to increase the NPS' operations funding for the future costs to operate and maintain the projects that it did fund. The FY21 budget continues this unfortunate trend, proposing an overall 17 percent cut, including a $95 million decrease to the principal operations account for the System, which pays salaries and benefits and covers day-to-day business. Funding for this account has not kept up with the cost of inflation. In most years there is a positive adjustment to base salaries and benefits and an increase in the cost of obtaining goods and services, but the operations budget is not adjusted to account for these annual increases. The funding for these higher costs must come out of the existing budget, frequently at the expense of staffing, maintenance, and other lost opportunities that diminish the visitor experience.

Furthermore, although the administration's FY21 budget claims to prioritize updating critical infrastructure and assets, its proposal includes significant cuts to the accounts NPS relies on to address park maintenance needs, preventing the agency from adequately addressing its $11.9 billion maintenance backlog and limiting its ability to perform routine and preventive maintenance.

The FY21 budget requests $192.6 million (decrease of $197 million) for the NPS Construction Program. This includes $127.7 million for line item construction projects, a decrease of $145 million from FY20 enacted levels. This is a wholly inadequate investment. In an attempt to alleviate the repercussions of these budget cuts, DOI is proposing legislation for a Public Lands Infrastructure Fund, which would provide a revenue stream to address the growing deferred maintenance backlog. If DOI truly felt that the maintenance backlog was a priority, it would include additional funding for park maintenance in its appropriations request rather than slashing these accounts and relying entirely on a separate legislative proposal to meet NPS maintenance funding needs.

Lastly, NPS must prioritize funding for climate change within its budget to preserve and protect natural and cultural resources. Climate change continues to cause glaciers to retreat, wildlife habitat to be disrupted, and more frequent and destructive storms to batter cultural resources and park facilities. It is imperative the NPS fully understand the impacts that climate change has on its resources and how to implement adaptive measures to combat future impacts and preserve the National Park System for future generations. The FY21 proposal does not reflect this urgent need.

Office of the Inspector General (OIG)

A proposed budget should ensure a smoothly functioning, efficient, and effective agency. The OIG, whose funding boasts a 20:1 return on investment, should be adequately funded to handle the increased volume of investigations and audits inspired by the Trump administration. Secretary Bernhardt and other high-ranking DOI political appointees were lobbyists for or employees of the industries they now regulate. In this environment, a fully staffed and funded OIG is more crucial than ever. The FY21 budget request includes an increase of $3.4 million; however, there is an additional need of $3.7 million to fund efforts to address cybersecurity vulnerabilities, recurring Indian Country health and safety findings, and ethical misconduct—all high-risk areas within DOI for waste, fraud, and abuse.

Office of Insular Affairs (OIA)

The Territorial Clause of the U.S. Constitution provides Congress with powers to "dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States." The enactment of certain federal laws has provided the Secretary of the Interior with the authority to carry out functions to improve the economic and political development of the U.S. territories of the Virgin Islands (USVI), Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI). Congress makes annual appropriations available to the Interior Department's Office of Insular Affairs to assist in their mission to help the aforementioned U.S. territories. Additionally, annual appropriations for three former U.N. Trust Territories of the Pacific Islands, whose political relationship and funding agreements are governed under Compacts of Free Association, are carried out through the Department of the Interior's Office of Insular Affairs.

Administration of Territories: The U.S. insular areas other than Puerto Rico (American Samoa, Guam, the CNMI, and the USVI) are provided special assistance through Administration of Territories appropriations. This Department of the Interior account also funds technical assistance to these areas, as well as the three Freely Associated States (FAS): the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI) and the Republic of Palau (RP).

The FY21 budget request of $81 million for Insular Affairs is $21.5 million below the FY20 and FY19 enacted levels. The Committee is very concerned that the FY21 budget request, which is more that 21 percent below the 2019 and 2020 year level, will have a devastating impact on areas that are dealing with stagnant or no economic growth, constrained budgets, the impact of the Coronavirus Pandemic, and the aftermath of catastrophic hurricanes or typhoons. We applaud the appropriations committees for investments to strengthen insular communities and encourage the Committee to, at minimum, restore the proposed cuts for Insular Affairs in the administration's proposed FY21 budget.

Technical Assistance: OIA is intended to be the Executive Branch's primary agency for matters concerning all of the insular areas other than Puerto Rico. It is charged with providing financial and technical assistance to these areas, and it is expected to be an expert on the territories and advocate for them within the Executive Branch.

The technical assistance program is one of OIA's most useful programs in this regard because it provides insular governments with relatively small amounts of assistance for projects of all kinds on a discretionary basis that is otherwise unavailable from other federal agencies. The program allows each government to identify pressing needs and priorities and develop action plans, which OIA then funds. A major focus of the program has been to help insular governments to improve the productivity and efficiency of government operations.

The Committee supports an increase to OIA's Technical Assistance account above the FY20 enacted level to provide more assistance to help insular governments establish sound financial management systems, improve accounting systems, and promote stable economic development.

Compact of Free Association Census Enumeration Error: On October 31, 2019, the U.S. Census Bureau alerted OIA that the two most recent enumerations of Compact of Free Association Migrants, released on November 5, 2013, and April 26, 2019, contained errors that undercounted migrants in Hawaii. The erroneous calculations affected projections from Fiscal Years 2015 through 2020.

Under the Compacts of Free Association, the citizens of the Marshall Islands, Micronesia, and Palau are able to travel, reside, and obtain employment in the United States. Many Compact migrants generally travel to and settle on Guam, the CNMI, American Samoa, and Hawaii. In order to partially offset the cost of these migrants, the law approving the amended Compacts includes a Compact Impact provision that divides $30 million annually between Guam, the CNMI, American Samoa, and Hawaii in proportion to the number of migrants in each jurisdiction as estimated by the U.S. Census.

OIA has proposed providing retroactive payments to Hawaii over the next three fiscal years and underpaying the three other affected jurisdictions. This is an untenable solution for Guam, the CNMI, and American Samoa. We urge the Committee to work with the administration to correct the situation in a manner that does not penalize any of the areas.

Hurricane and Typhoon Recovery: On September 6, 2017, Hurricane Irma hit the U.S. Virgin Islands, followed by Hurricane Maria less than two weeks later. These two storms caused significant and widespread damage, forcing the territory's government to deal with ongoing recovery efforts, including infrastructure, public health, and health care challenges.

The Government of the Virgin Islands is working to secure more than $8 billion in federal recovery aid through four main federal programs: Federal Emergency Management Agency (FEMA) Public Assistance, FEMA Hazard Mitigation, the Federal Highway Emergency Relief Program, and the Department of Housing and Urban Development's Community Development Block Grant for Disaster Recovery. These funds, if received, will be used to modernize schools, equip hospitals, and invest in resilient roadways and a reliable electrical grid.

On October 24, 2018, Super Typhoon Yutu slammed into the CNMI, causing catastrophic destruction to the islands of Tinian and Saipan. This Category 5 storm, with maximum sustained winds of about 180 miles per hour, was the strongest typhoon ever recorded in the CNMI and the second strongest storm ever to strike the U.S. or its territories according to the National Weather Service. Likewise, a little more than a month earlier, Typhoon Mangkhut struck both the CNMI and Guam, toppling trees and downing power lines.

Congress and the Administration must continue supporting disaster recovery efforts in the Virgin Islands and the CNMI, especially in areas that are ineligible for FEMA and other Stafford Act funding.

Office of Surface Mining Reclamation and Enforcement (OSMRE)

The Office of Surface Mining Reclamation and Enforcement is responsible for ensuring that coal mining is conducted in a manner that protects communities and the environment, restoring the land to beneficial use after mining, and mitigating the effects of past mining.

Abandoned Mine Lands: We continue to support the use of Abandoned Mine Lands (AML) funds in order to accelerate abandoned coal mine cleanup and help economically revitalize Appalachian communities that have been hurt in recent years by the increased use of natural gas and Western federal coal for electric generation.

In addition to the AML program, the agency must receive sustained funding in order to maintain reclamation research and training programs, grant programs, and the capacity to meet regulatory responsibilities through the oversight of surface coal mining.

U.S. Fish and Wildlife Service (FWS)

The U.S. Fish and Wildlife Service (FWS) provides essential management and protections for U.S. and international wildlife through the National Wildlife Refuge System; implementation of laws such as the Endangered Species Act, Migratory Bird Treaty Act, Marine Mammal Protection Act, and Lacey Act; and international conservation and enforcement programs.

Endangered Species Act: The Endangered Species Act (ESA) successfully ensures the protection and recovery of wildlife threatened by extinction. The ESA is one of the strongest laws passed by any nation to protect biodiversity and prevent extinction. To date, the ESA protects 1,661 animal and plant species–389 of which are considered threatened and 1,272 are endangered–in the United States.[7] Ninety-nine percent of species listed under the ESA have been effectually safeguarded and given the opportunity to recover, including the American bald eagle, humpback whale, and grizzly bear.[8]

It is our responsibility to secure our natural heritage for future generations by protecting endangered species and preserving their critical habitat. Recently, the administration made drastic changes to how the ESA is implemented, including weaker guaranteed protections for threatened species. In addition, federal agencies are now required to conduct economic analyses for species-listing decisions, a requirement that is contrary to the ESA – listing decisions should be based purely on science. High-ranking political appointees in the Trump administration are suspected of using their positions and influence to meddle in scientific decisions under the ESA and alter policy outcomes to potentially put species at greater risk. ESA programs have been grossly underfunded and underappreciated for many years, which limits the progress of species recovery. Currently, FWS requests $9.4 million for the Listing of Species program, half the amount required to support the program last year. Congress should appropriate $192 million for the Recovery program, more than double the FY20 amount.[9]

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[7] U.S. Fish and Wildlife Service, ECOS Summary of Listed Species Listed Populations and Recovery Plans as of Tue, 03 Mar 2020 https://ecos.fws.gov/ecp0/reports/box-score-report#ij

[8] Greenwald et al., 2019, *Extinction and the U.S. Endangered Species Act* (Apr 2019) https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6482936/

[9] Evans et al., *Species recovery in the United States: increasing the effectiveness of the Endangered Species Act,* Ecological Applications (Jan. 2016), *available at*:

National Wildlife Refuge System: The National Wildlife Refuge System encompasses more than 850 million acres and serves as our nation's only network of public lands and waters dedicated to the conservation of fish and wildlife. The Refuge System consists of 568 national wildlife refuges, five marine national monuments, and thirty-eight wetland management districts. The Refuge System protects habitat for fish, animals, plants, and other organisms, while at the same time providing incredible recreational opportunities for hunters, anglers, and other outdoor enthusiasts. The Refuge System adds tremendous value to our nation's economy returning nearly five dollars to taxpayers for every dollar invested. In 2017, over 53 million people visited refuges generating $3.2 billion of sales in local economies and supporting more than 41,000 jobs. and Funding for the Refuge System has remained relatively flat for years. FWS requests an increase in funding for the Refuge System, with 17 percent and 7.5 percent increases in visitor services and refuge law enforcement, respectively. However, there are currently only 261 federal wildlife officers across the system, including those in training. In 2004, the International Association of Chiefs of Police estimated that over 800 full-time law enforcement officers were necessary to adequately cover the system. In addition to this inadequacy, FWS requests to eliminate the comprehensive conservation planning program that guides management of the Refuge System. Congress must increase funding to allow the Refuge System to function as intended: to protect and preserve our public lands and native species.

Wildlife trafficking is considered the fourth-biggest organized criminal activity in the world and is linked to multibillion-dollar transnational organized criminal activity. Wildlife trafficking is an international crisis, linked to syndicates, terrorists, and insurgent groups, as well as the accelerated spread of zoonotic infections like Coronaviruses.[10] FWS law enforcement is critical for combatting illegal wildlife trade and trafficking. The administration proposes to reduce the budget for law enforcement, which would decrease the number of special agents and resources that are required to effectively investigate and prevent domestic and international wildlife crimes. While the United States has made progress with governments and partners on the ground in other countries to make wildlife trafficking more difficult and less profitable, there is still more work that needs to be done.

North American Wetlands Conservation Act (NAWCA): NAWCA is a partnership-based program that leverages non-federal funds to protect, restore, and manage wetlands and associated habitats for migratory birds and other wildlife. NAWCA is a landmark investment and one of the most cost-effective conservation programs: each federal dollar invested in NAWCA is typically matched by more than three dollars from non-federal partners at the local and state level, including corporations, private landowners, and non-profits. Since its enactment 30 years ago, the program has generated over $4.6 billion in partner funds leveraged by $1.6 billion in federal grants to protect, restore, and enhance nearly 30 million acres of wetlands and grasslands in all 50 states. The President's budget has proposed cuts to the program over the past three years and currently requests a $6 million reduction in funding despite the program's demonstrable success.

Neotropical Migratory Bird Conservation Act (NMBCA): The effectiveness of the Migratory Bird Treaty Act (MBTA) is threatened by DOI's solicitor's opinion and proposed rule to exclude incidental take of birds under the MBTA, which is a violation of international treaties. The President's budget request continues the assault on migratory birds and the U.S. commitments under international migratory bird treaties by gutting the Neotropical Migratory Bird Conservation Act (NMBCA). The purpose of the NMBCA is to address migratory bird population needs on a continental scale and conserve birds throughout their life cycles. Over the last 50 years, North American bird populations have undergone a net loss of

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https://www.researchgate.net/publication/289249207_Species_recovery_in_the_United_States_increasing_the_effectiveness_of_the_Endangered_Species_Act

[10] National Center for Immunization and Respiratory Diseases (NCIRD), Division of Viral Diseases, https://www.cdc.gov/coronavirus/2019-nCoV/summary.html

2.9 billion. This continent-wide loss in migratory birds requires swift action to address threats and maintain ecosystem integrity, function, and services.[11] The current NOAA request to cut funding to the NMBCA jeopardizes the ability to continue to support projects that foster international security, generate goodwill, and improve foreign relations while sustaining healthy bird populations.

U.S. Geological Survey (USGS)

The mission of the U.S. Geological Survey (USGS) is to provide reliable scientific information to describe and understand the Earth, minimize loss of life and property from natural disasters, support the sustainable stewardship of land and water, and manage biological, energy, and mineral resources.

Energy and Mineral Resources & Environmental Health: In recent years, funding for Energy and Mineral Resources saw proposed increases at the expense of the Environmental Health program. While the identification and assessment of energy and mineral resources is important, so is research into the health hazards posed by environmental contaminants. The continued funding of the Environmental Health mission area is crucial for informing best practices for waste management resulting from energy and mineral extraction, in addition for monitoring the health of our nation's water resources.

Natural Hazards: This mission area is a keystone of USGS, providing monitoring and early warning systems that help protect millions of Americans from earthquakes, volcanoes, and coastal/marine hazards. This program must receive sustained funding to continue its vital work, and the efforts on earthquake early warning systems should continue to be prioritized.

Climate Change Science: The USGS budget should include increased funding for climate science. Unfortunately, the administration's last three budgets proposed to reduce the number of climate research centers and nearly abandon climate change science. We face increasingly grave effects from the climate crisis, and federal science agencies should be expanding research programs on climate change mitigation and adaptation, not cutting them.

Water Resources: This mission area works with partners to research, develop, and deliver scientific information on a wide range of water resource issues, including information related to streamflow, groundwater, water quality, and water use and availability. The USGS operates one of the largest national stream gaging networks in the world, comprised of more than 10,000 stream gages that provide critically important data for monitoring streamflow. Significant investment is needed to maintain and improve the agency's water data and modeling capacity.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA)

The National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce provides critical information to support the American economy and protect our oceans and coasts.

[11] Rosenberg et al., *Decline of the North American avifauna*, Science (Oct 2019) *available at* https://science.sciencemag.org/content/366/6461/120

Unfortunately, the administration's budget proposal seeks to deeply cut major NOAA programs, which undermines decades of ocean and fisheries conservation, education, and research. Particularly in this time of rapid climate change, we need *all* the science NOAA acquires and produces to fully understand our fisheries and make informed management decisions as species move and ocean chemistry changes.

National Marine Fisheries Service (NMFS): NMFS supports programs that promote productive and sustainable fisheries, restore important fisheries habitat, and conserve our protected resources such as marine mammals, sea turtles, and other marine species. In 2016, U.S. commercial and recreational fishing industries generated $212 billion in sales and supported 1.7 million jobs.[12] Instead of decreasing NMFS's budget, as the President's request proposes, Congress should invest in sustainable fisheries management that, in turn, results in increased profits for America's fishermen and fisherwomen. Of all the fish species under fishery management plans, approximately half have had stock assessments completed. Investing in science ensures reliable data collection and results in sustainable management of fish stocks. In addition, Congress should fully fund the Cooperative Enforcement Program to effectively enforce protections for marine species and prevent the capture and sale of illegal seafood, and the Protected Resources programs to address endangered species listing and recovery efforts, as well as marine mammal and sea turtle conservation.

National Ocean Service (NOS): NOS is essential to the sustainable management, protection, and restoration of our ocean and coastal resources. NOS provides data, tools, and services that greatly support coastal economies and their contribution to the larger national economy. Projects led by NOS support coastal economic activity and reduce risks that threaten life and property on our coasts. Unfortunately, grant programs that promote coastal resilience and address coastal management issues such as harmful algal blooms, coral bleaching, and ocean acidification, are under threat from this budget request. Congress must increase funding to NOAA's Office of Oceanic and Atmospheric Research to properly protect our nation's ocean and coastal resources from the negative impacts of climate change and changing ocean conditions.

The United States needs to dedicate significantly more resources to increase the resiliency of our oceans and coasts by confronting the impacts of climate change now so industries like fishing, ecotourism, shipping, and others continue to thrive. This includes protecting critical ocean habitats through sound stewardship of Marine National Monuments and National Marine Sanctuaries. Funding proper management of these areas elicits improved understanding of our changing oceans by providing a baseline against the backdrop of extractive, disruptive activities elsewhere.

National Sea Grant College Program: For over 50 years, the National Sea Grant College Program has provided high impact research, extension, and education across the country. Sea Grant's work promotes collaborative knowledge and science-based management of ocean, coastal, and Great Lakes resources. The partnership between federal and state governments allows for local needs to be addressed with outcomes that benefit the entire country. Federal resources invested in Sea Grant are matched by state and local partners, and the program has established a successful record. In 2018, the program reported $624.6 million in economic impact, a 717 percent return on the federal investment of $76.5 million.[13] Additionally, 1,663 businesses and 7,621 jobs have been created or sustained by Sea Grant's work. The FY21 budget proposes to eliminate Sea Grant's educational programs. Congress should fund Sea Grant to ensure that the program continue to thrive and fill its essential role in coastal and Great Lakes communities across the United States.

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[12] National Marine Fisheries Service. 2018. Fisheries Economics of the United States, 2016. U.S. Dept. of Commerce, NOAA Tech. Memo. NMFS-F/SPO-187a, 243 p. *available at* https://www.fisheries.noaa.gov/resource/document/fisheries-economics-united-states-report-2016
[13] https://seagrant.noaa.gov/Portals/0/Seagrant-MainFactsheet-Oct2019_accessible.pdf

Funding for the program should keep pace with the rapidly growing needs of coastal communities and economies.

National Estuarine Research Reserve System (NERRS): The Presidential budget proposes to eliminate NERRS, which was established through the Coastal Zone Management Act and currently is a network of 29 coastal sites designated to practice and promote stewardship of coasts and estuaries through innovative research, education, and training in "living laboratories" by using a place-based system of protected areas. Ongoing NERRS activities cover over 1.3 million acres of estuaries and focus on stewardship, research, training, and education. NERRS promotes invaluable opportunities; in 2017, NERRS supported over 500,000 visitors, trained 2,500 teachers, educated over 87,000 students, and engaged 2,452 communities through its programs.[14] Estuaries play a critical role in protecting shorelines, preventing coastal erosion, filtering agricultural runoff, and providing nursery habitats for young fish and wildlife. Coastal communities in the U.S. contribute $8.6 trillion to our economy; NERRS alone contributes billions of dollars to the shellfish and seafood industry and tens of billions of dollars to ocean-dependent industries. Federal support for NERRS is necessary and strengthens state, university, and local partnerships. In 2019, NOAA invested $27 million through NERRS and was matched by more than $9.5 million from state and university partners.[15] Despite the obvious accomplishments and extensive impacts NERRS demonstrates, the administration endangers the viability of this program.

Marine Mammal Commission (MMC): The MMC was authorized by the Marine Mammal Protection Act (MMPA) to allow the U.S. to be at the forefront of marine mammal and marine ecosystem conservation. MMC continues to provide independent, science-based oversight of all federal and international actions related to the implementation of the MMPA as well as all science, policy, and management actions affecting marine mammals. The President repeatedly and misguidedly proposes to eliminate funding for the MMC despite its effective management of marine mammal populations and mitigation of threats. With increasing pressures on marine mammals, including seismic testing, oil spills, and shifting ecosystems due to climate change, Congress must provide the necessary funding for the Commission to strengthen the conservation of marine mammals.

NOAA recently launched the NOAA 2030 Footprint Initiative to implement best practices for consolidating and updating facilities with the intention of saving millions of dollars per year in operating costs. The Committee believes careful oversight is crucial to ensure that this initiative is conducted in a manner that maximizes the mission, capabilities, and progress of NOAA and its employees.

In 2018, NOAA released a Sexual Assault and Sexual Harassment Prevention and Response policy in accordance with requirements of the FY17 National Defense Authorization Act. The Committee applauds NOAA's steps towards developing comprehensive services for prevention and providing resources for effective response to all NOAA employees, contractors, and affiliates. The Committee recommends full funding so NOAA receives the resources required to enforce and oversee the implementation of this policy throughout the agency.

U.S. Department of Agriculture

Minerals and Geology Program

[14] https://coast.noaa.gov/data/docs/nerrs/funding-summary.pdf
[15] NOAA Office for Coastal Management

The mission of the USFS Minerals & Geology Management Program is to provide for the sustainable use and enjoyment of mineral and geologic resources on the National Forests. In recent years, the mission of multiple use and sustained yield has given way to a mission of extraction first at all times. This includes accelerating the permitting process for oil, gas, and mineral extraction on Forest Service lands and pushing through economically and environmentally unsound projects such as reinstating mineral leases near the Boundary Waters Canoe Wilderness Area. Funding in this program should not be used only for permit processing, but also for managing the geological resources and addressing the abandoned mine lands that are also within the mission of this program.

U.S. Forest Service (USFS)

The USFS is responsible for managing America's National Forest System (NFS) to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations.

Unfortunately, the USFS FY21 budget request promotes timber production, extraction, and arbitrary restoration targets over more focused efforts in support of climate action, clean water, community safety, wildlife habitat, and public lands recreation. Although the budget provides adequate funding for wildland fire management, including preparedness and suppression, it fails to adequately consider how climate change is contributing to higher temperatures, shifting seasonal regimes, and changing precipitation patterns that can lead to increased tree mortality, outbreaks of invasive species, and increased wildfire risks. By continuing to focus primarily on wildfire suppression and timber production, the budget neglects our public lands and fails to prioritize their management in a way that recognizes clean water, clean air, carbon sequestration, flood control, and other important ecosystem services.

The FY21 budget proposes deep cuts to Forest and Rangeland Research and requests no funding for Land Acquisition or the Collaborative Forest Landscape Restoration Program. These proposals sacrifice valuable tools needed to help ensure our forests are prepared to adapt to a changing world. The cuts to Forest and Rangeland Research would require the closure of the Pacific Southwest Research Station in Albany, California, as well as the International Institute of Tropical Forestry in San Juan, Puerto Rico, while eliminating Recreation Research and Wildlife and Fish Research. Overall, these cuts would cut approximately 287 research program staff. Meanwhile, the budget proposes to increase funding for Forest Products (timber sales) and Hazardous Fuels while neglecting to make similar investments in other National Forest System priorities including Recreation, Heritage and Wilderness, Vegetation and Watershed Management, and Wildlife and Fish Habitat Management.

These unbalanced investments are intended to support this administration's focus on extraction above all else, as envisioned in President Trump's Executive Order (EO) 13855, "Promoting Active Management of America's Forests, Rangelands, and other Federal Lands to Improve Conditions and Reduce Wildfire Risk." This EO sets out broad timber production goals and greatly expands some forest management programs. The Committee cautions that timber sales are not an adequate measure of forest health or any forest's ability to provide ecosystem services, including clean air and clean water. Forest management needs to be science-based and community-focused. Budgetary requests relying on this EO focus only on the value of timber on federal land and sacrifice more outcome-driven approaches that prioritize clean water, wildlife habitat, and recreational opportunities that support billions of dollars in annual economic activity.

The Committee is encouraged to see that the USFS is requesting full funding for Wildland Fire Management and the Wildfire Suppression Operations Reserve Fund, consistent with the provisions included in the FY19 Omnibus Appropriations bill. The most evident impact of climate change on NFS lands is an increase in wildfire activity, and the requested level of funding should ensure the availability of resources for wildfire preparedness and suppression, while eliminating the need to borrow funds from other accounts, as had been common practice in prior years due to the increasingly climate-driven cost of wildland fire operations. However, the intent of eliminating so-called "fire borrowing" was to provide more consistent funding for other National Forest System management priorities, and the FY21 budget does not reflect a balanced reinvestment across NFS line items.

Other provisions of the FY19 Omnibus and 2018 Farm Bill provided USFS with numerous other forest management tools to address wildfire management, including: expanded Good Neighbor Authority, increasing the role of tribal, state, and local governments in forest resiliency projects; extending stewardship contracts; an increased investment in the Collaborative Forest Landscape Restoration Program; tools to focus on watershed health and source water protection; and even some more controversial tools that limit environmental reviews for certain forest management projects. Unfortunately, despite these newly granted authorities, the FY21 budget includes a legislative proposal that would dramatically expand the use of NEPA Categorical Exclusions, which would effectively discourage public participation, minimize environmental considerations, and limit the involvement of local communities regarding federal forest management decisions.

Administratively, USFS continues to waste taxpayer dollars on politically-driven rulemakings, including a rewrite of protocols under NEPA and a proposal to fully exempt the Tongass National Forest in Alaska from existing old-growth protections under the 2001 Roadless Rule. Both attempts to alter longstanding environmental policy run the risk of making changes that will cost taxpayers and damage ecosystems to the detriment of current and future generations. The USFS should recognize that funding toward these efforts needs to result in an unbiased process that includes broad public input and stakeholder support and that produces a result that benefits USFS management alongside environmental protections and fair taxpayer returns.

The Committee is concerned that across the board, the USFS budget, priorities, performance metrics, and policy proposals fail to adequately support its mission to sustain the health, diversity, and productivity of the nation's forests and grasslands. Like so many of this administration's actions, USFS appears to be yielding to short-term special interest demands, which will ultimately come at the expense of longer-term goals like climate adaptation, community safety, forest health, recreation, and ecosystem services. As the stewards of 193 million acres of federal land, USFS must ensure that funding is used to support the multitude of values our forests provide.

ADDITIONAL AND DISSENTING VIEWS
OF THE HONORABLE ROB BISHOP
RANKING REPUBLICAN
COMMITTEE ON NATURAL RESOURCES

As the current pandemic presents severe fiscal, economic, and health challenges for our country, rational policy and budget decision making is vitally important. Our federal public lands and natural resources can serve crucial roles as we develop solutions to protect Americans. I appreciate the opportunity to offer these views as we pursue this important work now and into the future.

Stewardship of America's Public Lands and Resources

Unfortunately, under Democrat leadership our Committee has undertaken an agenda that is irrational and costly. Most notable is Chairman Grijalva's desire to permanently fund the Land and Water Conservation Fund (LWCF) at $1.25 billion a year while simultaneously pursuing policies to prohibit energy and mineral development on federal lands and waters. Ironically, the latter would immediately halt the main source of funding for the LWCF and other federal programs. Prohibiting such domestic energy and mineral development will also make America more reliant on hostile parts of the world at a time of great instability. Additionally, Chairman Grijalva's goals would deny an enormous amount of revenue to the U.S. Treasury that is second only to that provided by the Internal Revenue Service.

In 1965, Congress created the LWCF to support the development of recreation and conservation programs using revenue from federal energy development. LWCF was designed to utilize revenue from one natural resource to conserve another. Under the original law, the largest share of LWCF funds was dedicated to a matching grant program ("stateside") to assist local communities in meeting recreation needs. A portion of the fund was also to be used for "federal" purposes, mainly to purchase privately-owned parcels of land inside existing federal lands so that private property access and rights would not be curtailed by surrounding restrictive federal management.

Over the years, the LWCF drifted from its original mandate to focus almost exclusively on new federal land acquisition. Close to $12 billion has been spent through LWCF to acquire millions of new acres into federal ownership. Today, there are 615.3 million acres under federal ownership in the United States managed by four main federal land management agencies – the National Park Service, U.S. Fish and Wildlife Service, Bureau of Land Management (BLM), and the U.S. Forest Service. As new conservation units have been created by Congress and more land for these units is acquired, these agencies have become increasingly unable to sustain core maintenance of existing lands and facilities and incapable of fulfilling proper management and administration responsibilities. In 2018, these four agencies faced a combined deferred maintenance backlog estimated at $19.38 billion.

Congress is also clueless about how LWCF monies are being spent. Even more troubling is how the unelected bureaucracy prioritizes the money provided by Congress, acquiring millions of acres of land with minimal transparency or oversight. When I was chairman of this Committee, we sought information from the Departments of the Interior and Agriculture about the total acreage of federal land acquisitions since LWCF's inception – what land do we own, how much land has been bought, and where is it located, and the goals accomplished through those acquisitions. The departments have been utterly incapable of providing this information.

Multiple government reports and departmental data (or lack thereof) help us understand why. According to a May 2019 GAO report, BLM fails to maintain centralized data on lands acquired, and an increasing amount of LWCF funds across agencies are being spent on acquisition projects that occur without specific Congressional approval. In many cases, GAO explained that agencies "wait until after Congress has appropriated LWCF funds before land units identify projects" and that non-government "conservation groups" play pivotal roles influencing agency decision making. According to departmental data, for many of the acquisitions occurring without specific Congressional authorization, these same "conservation groups" are also the owners of the property being purchased with LWCF funds.

There have been numerous other revelations of agencies disregarding requirements of the LWCF Act. This includes agencies flouting explicit statutory limits on the amount of land the federal government can acquire in the western part of the United States where huge tracts of land are already under federal ownership. Under the LWCF Act, not more than 15 percent of the land added to the National Forest System is to be west of the 100th meridian. In a separate report in December 2019, GAO found that the exact opposite is occurring. In a review of fiscal years 2014-2018, 80 percent of the lands acquired with LWCF funds were west of the meridian.

In one of the most recent comprehensive government reviews of land acquisition policies across agencies conducted by the Departments of the Interior and Agriculture, officials explained that 40 percent of lands acquired with LWCF funds were not even requested by the agencies. These acquisitions, according to the agencies, occur without departmental review, often do not fulfill "departmental objectives and agency goals," and "create an unexpected acquisition workload that the agencies need to manage along with the remaining projects."

Part of the challenge with this issue is that many proponents of LWCF, including Members of Congress, are unaware of how the program operates. This includes my friend and current chairman of our Committee, Raúl Grijalva. In his defense of LWCF, then-Ranking Member Grijalva wrote in a 2015 letter that all projects are subject to "extensive review by the public, and at every level of the Administration. And . . . each and every acquisition is then approved by the Congress." In reality, billions of LWCF monies are being spent without Congress, relevant agencies or the public being informed of where the acquisitions are occurring and their purpose.

During the 115th Congress, the House and Senate passed S.47, the "John D. Dingell, Jr. Conservation, Management, and Recreation Act." The legislation was negotiated between me, then-Ranking Member Grijalva, and our counterparts on the Senate Energy and Natural Resources Committee. The legislation, which was finally signed into law in 2019, reformed and permanently *authorized* the revenue deposit provisions of the LWCF Act. In addition, we ensured the "stateside" grant program received a minimum of 40 percent of total LWCF funding moving forward, restoring the original intent of the program. We were also able to specify that no less than $15 million of the total LWCF funds for federal purposes be used to improve access to existing federal lands for hunters, fishermen and other outdoor recreationalists. However, this law didn't make LWCF perfect and there is still much that needs to be accomplished to bring accountability and transparency to the program.

The $1.25 billion annually in mandatory funding for LWCF in perpetuity removes Congressional oversight over a program that clearly already lacks accountability. It would further enable unelected federal bureaucrats and special interest groups to determine where and how much land will be added to the federal estate with no regard for existing budget or land management constraints. The federal estate would continue to balloon as local communities lose even more tax base. Our deferred maintenance backlog would continue to grow as the amount of attention and resources afforded to our cherished public lands already under federal ownership diminish. Simultaneously pursuing policies to prohibit energy development on federal lands – the major source of LWCF funding -- is the height of hypocrisy.

Our Committee and the House should be working to advance solutions to pressing issues that can garner bipartisan, bicameral support, and be signed into law. For example, legislation to address the maintenance backlog in our parks and public lands, H.R. 1225, currently has 329 bipartisan cosponsors and the Senate companion bill, S. 500, has 51 bipartisan cosponsors.

American Energy and Mineral Independence

The 2020 Presidential primary revealed just how far to the left the Democrat party has gone in recent years. Pledges to ban hydraulic fracturing in the United States and end domestic production of energy and minerals on federal lands and waters are two of the many alarming ideological purity tests for Democrat candidates. Unfortunately, House Democrats have embraced and advanced these policies with little or no regard for practical consequences.

As countries are closing their borders and disruptions in the global economy continue to unravel, the current pandemic is a reminder of major supply-chain vulnerabilities for the United States and its allies. This includes America's foreign dependency on critical minerals that are necessary for the modern economy, with applications in manufacturing, defense, renewable energy, advanced technology, and many other sectors. Despite substantial domestic reserves, the majority of our supply of critical minerals and other mined materials are sourced abroad, particularly from China. For example, in 2019, the United States had a 100 percent net import reliance on other nations for 17 minerals, including gallium, indium, and rare earth elements. Among other uses, gallium, indium, and rare earths are components of smartphones, satellites, semiconductors, solar panels, and electric vehicles. China was the top import source for all three of these elements.

Maximizing domestic mining would allow for a more stable supply chain of dozens of minerals, and would help ensure responsible production. The policies advanced by the Majority, such as H.R. 2579 sponsored by Chairman Grijalva, will make the existing regulatory framework even more burdensome and costly. Chairman Grijalva's bill would introduce further difficulties to obtain the necessary investments for large scale domestic mining projects and thus push investment overseas. Policies designed to eliminate domestic investment in mining activities will increase risk in the supply chain and make our nation more vulnerable to shortages. Moreover, mining these critical minerals in the United States creates good-paying domestic jobs, and these minerals would be developed using the best environmental practices and safety standards in the world.

Further, the United States recently became the top global producer of oil and natural gas, in 2019, became a net petroleum exporter for the for the first time in nearly 70 years. Our renewed focus on domestic energy production has brought us closer to energy independence than ever before. We must continue to prioritize domestic production to guard against disruptive world events in the energy sector and provide economic security to energy producing communities across the country. The Majority's sole energy development focus in the 116th Congress has been to lock up our publicly owned natural resources. Making our federal lands and waters off limits to responsible development will only increase our dependence on our adversaries, increase emissions and put our energy and fiscal security at greater risk.

Conclusion

Our public lands and resources can, if managed wisely, support America's economic independence and national security. Mismanagement of these valuable taxpayer-owned assets – or even worse, policymaking driven by ideology – will harm American interests. Again, I appreciate the opportunity to offer these views. I hope you find them helpful.

ROB BISHOP

CAROLYN B. MALONEY
CHAIRWOMAN

ONE HUNDRED SIXTEENTH CONGRESS

JIM JORDAN, OHIO
RANKING MINORITY MEMBER

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April 6, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Yarmuth:

Pursuant to § 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f), I am submitting the enclosed Views and Estimates, including Minority Views, of the Committee on Oversight and Reform for the fiscal year (FY) 2021 budget.

If you have any questions, please contact Jason Powell with my staff at (202) 225-5051.

Sincerely,

Carolyn B. Maloney

Carolyn B. Maloney
Chairwoman

Enclosure

cc: The Honorable Steve Womack, Ranking Member,
Committee on the Budget

Budget Views and Estimates for Fiscal Year 2021
Committee on Oversight and Reform
U.S. House of Representatives
116th Congress
The Honorable Carolyn B. Maloney, Chairwoman

April 6, 2020

The Committee on Oversight and Reform offers these Views and Estimates on the fiscal year (FY) 2021 budget pursuant to §301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f).

The Budget and Accounting Act of 1921, as amended, requires the President to submit a consolidated federal budget to Congress at the beginning of each regular session of Congress. Specifically, under 31 U.S.C. §1105(a), the President is required to submit the budget—which contains budgetary proposals, projections, and other required reports—to Congress no later than the first Monday in February.[1]

On February 10, 2020, the President submitted a budget proposal that is inconsistent with the Bipartisan Budget Act of 2019, which established the Congressional budgets for 2020 and 2021 and was signed by the President on August 2, 2019. President Trump's FY 2021 budget proposal would slash funding for critical programs and prioritize his special projects above the American people. The President's budget would reduce non-defense discretionary base funding by $37 billion in comparison to the agreed to level in the Bipartisan Budget Act and eliminate $8 billion for non-defense Overseas Contingency Operations (OCO) under that agreement. As in previous years, President Trump has once again threatened to gut programs that benefit the growing needs of working families and the most vulnerable Americans in this country.

Pandemic Preparedness

The Committee opposes the Trump Administration's failure to adequately resource critical agencies responsible for U.S. biodefense preparedness and response. By slashing resources to such agencies, the Trump Administration has undermined efforts by public health officials to effectively prepare for, and respond to, the current coronavirus outbreak.

The President's FY 2021 budget proposes cutting Centers for Disease Control and Prevention (CDC) funding by almost $700 million from the amount Congress appropriated in FY 2020,[2] and that is after the President's FY 2020 budget justification requested $760 million less for CDC than the amount Congress appropriated in FY 2019. The proposed cuts to CDC in the

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[1] Congressional Research Service, *The President's Budget: Overview of Structure and Timing of Submission to Congress* (Feb. 9, 2016) (online at www.crs.gov/Reports/R43163?source=search&guid=8dc310dee3354ef4a76ae29a08c94137&index=1).

[2] Department of Health and Human Services, *Putting America's Health First, FY 2021 President's Budget for HHS* (online at www.hhs.gov/sites/default/files/fy-2021-budget-in-brief.pdf).

President's FY 2021 budget include a $25 million reduction in funding to CDC's Public Health Preparedness and Response Program and $18 million reduction in funding to the Hospital Preparedness Program, which is operated by the Office of the Assistant Secretary for Preparedness and Response (ASPR) within HHS.[3] The President's FY 2021 budget request also proposes cutting $3 billion from global health programs—including scaling back annual funding to the World Health Organization by nearly half.[4]

The effects of the proposed budget cuts are compounded by additional failures by the Trump Administration and vacancies in critical positions within the federal government charged with managing pandemics, including at the National Security Council (NSC), the Department of Homeland Security, and the U.S. Agency for International Development (USAID).[5] In May 2018, the Trump Administration disbanded the National Security Council's global health security unit.[6] In October 2019, the Trump Administration shuttered the PREDICT project, which was launched by USAID in 2009 to "strengthen global capacity for detection and discovery of zoonotic viruses with pandemic potential."[7]

The Trump Administration's budget cuts and reckless actions have left the country particularly vulnerable to the coronavirus pandemic, and it may be years before the costs to the health and safety of the American people and to the American economy can be fully comprehended and quantified.

Prescription Drugs

One of the Committee's most important health care priorities for the 116th Congress continues to be investigating the actions of drug companies in raising prescription drug prices in the United States, as well as the effects of these actions on federal and state budgets and on American families. The Committee supports efforts to lower drug prices—such as empowering Medicare to negotiate on behalf of beneficiaries—but opposes proposals that have the effect of increasing costs to beneficiaries, including in the form of higher out-of-pocket costs or premiums. The Committee also opposes efforts to cut funding for federal agencies or health care programs—such as the Affordable Care Act (ACA) and Medicaid—that enhance Americans' access to prescription drugs.

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[3] Department of Health and Human Services, *Putting America's Health First, FY 2021 President's Budget for HHS* (online at www.hhs.gov/sites/default/files/fy-2021-budget-in-brief.pdf) (accessed Mar. 6, 2020).

[4] Department of State, *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs—Fiscal Year 2021* (Feb. 10, 2020) (online at www.state.gov/wp-content/uploads/2020/02/FY-2021-CBJ-Final-508compliant.pdf).

[5] *The Trump Administration's Many Vacancies Could Complicate its Coronavirus Response*, Time Magazine (Feb. 27, 2020) (online at time.com/5792015/trump-coronavirus-vacancies/).

[6] *Senators Call on Trump Administration to Immediately Fill Global Health Security Position*, Global Biodefense (Jan. 30, 2020) (online at www.globalbiodefense.com/2020/02/19/senators-call-on-trump-administration-to-immediately-fill-global-health-security-position/).

[7] *Scientists Were Hunting for the Next Ebola. Now the U.S. Has Cut Off Their Funding.*, New York Times (Oct. 25, 2019) (online at www.nytimes.com/2019/10/25/health/predict-usaid-viruses.html).

Office of National Drug Control Policy

The Office of National Drug Control Policy (ONDCP) is charged with coordinating the federal government's drug policy, including efforts to reduce drug use and its consequences in the United States. ONDCP was reauthorized during the 115th Congress by provisions that were enacted into law as part of the SUPPORT for Patients and Communities Act (SUPPORT Act).

In 2018, the drug crisis claimed more than 67,000 lives. The SUPPORT Act requires ONDCP to report whether federal agencies' drug control program budgets are adequate to achieve the goals of the National Drug Control Strategy. In addition, ONDCP is required to compile essential data on overdoses, deaths, and interdictions in a data dashboard, which promotes transparency and ensures that the American people can access data regarding the federal government's drug control efforts.

The Trump Administration failed to issue any National Drug Control Strategy in 2017 and 2018, as required by the 2006 ONDCP Reauthorization Act. Although ONDCP issued a Strategy in 2019, it failed to meet statutory requirements. For instance, according to the Government Accountability Office, the 2019 Strategy failed to provide "annual quantifiable and measurable objectives and specific targets to accomplish long-term quantifiable goals," as well as "a 5-year projection for program and budget priorities"—essential components of a sustained, coordinated federal drug policy.

Under the SUPPORT Act, ONDCP operations are authorized at $18.4 million per year. An additional $25 million per year is authorized to enable ONDCP to respond to emerging drug threats and execute a comprehensive media campaign. The Committee urges that funding for ONDCP be appropriated in the full amounts authorized by statute.

The SUPPORT Act makes administration of the High Intensity Drug Trafficking Areas (HIDTA) and the Drug-Free Communities (DFC) programs an explicit responsibility of ONDCP. The Committee opposes any effort by the Administration to move HIDTA or DFC programs out of ONDCP.

The Committee believes that access to high-quality treatment and wrap-around services for individuals with substance use disorders must be significantly expanded and that such an expansion requires the provision of sustained, predictable, long-term funding.

The Committee supports expanding coverage of evidence-based Medication Assisted Treatment programs and access to the life-saving opioid overdose-reversal drug Naloxone at a fair, accessible price.

The Committee supports the Comprehensive Addiction Resources Emergency (CARE) Act, which provides sustained, predictable, long-term funding for high-quality treatment and wrap-around services and expands access to Naloxone for people who have been impacted by the drug crisis.

Federal Health Care Programs

The Committee strongly opposes efforts to defund, weaken, or sabotage the ACA. The ACA expanded federal protections against discrimination on the basis of gender, age, and pre-existing health conditions—including substance use disorders and mental health treatment. These requirements that need to be strengthened rather than weakened.

The Committee also opposes efforts to undermine the Medicaid program—including efforts to convert federal Medicaid funding to block grants and condition eligibility on work-related activities. Medicaid provides coverage to nearly one in five people in the United States and is the country's largest financer of behavioral health services, including substance use disorder and mental health services.

Women's and Reproductive Health

The Committee opposes any efforts to undermine access to the full range of reproductive health care services. The Administration has dismantled the Title X family planning program, which provides health care to millions of low-income people each year. The Administration's so-called Title X "gag rule" prevents women receiving care through Title X programs from obtaining accurate and comprehensive information from their clinicians or from accessing abortion care. The Committee also opposes restrictions on federal funding for abortion care that disproportionately harm low-income women and women of color.

The Committee also opposes the Administration's Refusal of Care Rule, which sanctions discrimination in the health care system by drastically expanding the types of medical providers that can deny care to patients. This rule particularly threatens women, LGBTQ, and other marginalized communities that already face discrimination in the health care system. The Committee believes that funding for the Office for Civil Rights at the Department of Health and Human Services should be used to ensure that all people enjoy equal access to health care services—not to promote federally-sanctioned discrimination.

Immigration Enforcement and Border Security

The Committee opposes the President's illegal emergency declaration on the southern border, which he has used to divert funds from the Department of Defense (DOD) to build an ineffective and unnecessary border wall that Congress refused to fund and that the President promised repeatedly would be paid for by Mexico. The Committee strongly objects to the President diverting $3.6 billion from critical military construction projects in 2019 and the Administration's plans to divert another $3.8 billion in 2020 from essential military equipment, weakening the readiness of U.S. forces and harming U.S. servicemembers and their families.

The Committee opposes the Administration's request to dramatically increase the capacity of Immigration and Customs Enforcement (ICE) facilities to 60,000 detention beds. Migrant adults and children unnecessarily detained in ICE facilities and Border Patrol stations have died from preventable conditions and have been subjected to abuse without adequate oversight. The Committee also opposes the unlawful and ineffective obstacles the Trump Administration has placed on legal pathways for migrants, including on the asylum process.

The Committee will continue to work to ensure that border security efforts and spending priorities focus on strengthening national security and public safety in a manner consistent with due process and fundamental American values. The Committee supports funding for sufficient personnel and infrastructure at ports of entry to facilitate travel and trade while ensuring proper security vetting and interdiction of contraband. The Committee supports additional funding for asylum officers, immigration judges, and resources for those seeking lawful entry, including those seeking asylum, into the United States.

Census

The Committee is committed to a 2020 Census that is fair, accurate, and complete, and the Committee is concerned by delays and missteps in the Administration's preparations, including the illegal attempt to add a citizenship question. The Committee recognizes that Census Bureau funding is often reduced in the fiscal year following a decennial census. However, given the sharp drop in funding proposed by the President for FY 2021, more information is needed to clarify the Bureau's ability to use any carryover funds from FY 2019 and FY 2020 in FY 2021, during which the Bureau will complete the largest and most complex census in history, launch post-enumeration operations, and release data for apportionment and redistricting.

The Committee opposes the President's proposed $9.1 million cut to the Survey of Income and Program Participation, which measures periodic changes for critical topics like economic well-being, family dynamics, education assets, health insurance, childcare, and food security.

Election Security

The Committee has serious concerns that no funds have been specifically designated for election security in the President's budget request, particularly when multiple intelligence agencies have warned that foreign adversaries intend to interfere in the 2020 elections. President Trump has publicly encouraged foreign interference in the upcoming election, and his continued resistance to providing the necessary leadership and resources to defend our elections threatens to undermine the integrity of our democracy.

Student Loans

The Committee strongly opposes the Administration's rule that drastically limits the relief available to students who attended schools that misled them or engaged in misconduct. The Committee also opposes the decision to end the Public Service Loan Forgiveness program, which encourages students to pursue careers in the non-profit and government sectors. The Administration's proposals will harm students, borrowers, and families and will only worsen the student loan debt crisis.

Guns

The President's budget ignores continued calls from Congress to address our nation's growing gun violence epidemic, most notably by omitting any funding for gun violence research. In 2018, Congress passed clarification language lifting the federal ban on studying gun violence; however, consistent funding levels are necessary to carry out this research, identify root causes of gun violence, and develop effective policies that save lives.

Office of Government Ethics

The Office of Government Ethics (OGE) is responsible for overseeing ethics in the Executive Branch. OGE needs resources to carry out its role in safeguarding the public's trust in government by preventing conflicts of interest in the executive branch. OGE provides guidance to nominees and government employees and information to Congress and the public. H.R. 745, the Executive Branch Comprehensive Ethics Enforcement Act, also included in H.R. 1, would reauthorize OGE and provide the agency with increased authority. Additional resources would enable OGE to exercise that authority most effectively, including making critical investments in information technology (IT) resources necessary to carry out its mission.

Office of Special Counsel

The Committee is deeply concerned with the President's proposed budget cuts to the Office of Special Counsel (OSC). OSC investigates prohibited personnel practices such as whistleblower retaliation, receives disclosures from whistleblowers, and implements the Hatch Act. OSC projects that it needs a budget increase of at least $2.6 million in FY 2021 to meet necessary staffing and operational costs. The President's budget, however, recommends cutting OSC's budget by $65,000 from the FY 2020 enacted level. The proposed decrease would require OSC to reduce its current staffing levels from 141 full-time equivalents to 126 full-time equivalents. According to OSC:

> Funding OSC at the authorized level will adversely impact the agency's ability to fulfill our statutory mission to root out waste, mismanagement, and fraud; to protect veterans and federal employees; to ensure accountability, integrity, and fairness in the federal workplace; and to restore and maintain public confidence in the federal merit system.[8]

OSC has received higher numbers of complaints in recent years. According to OSC, in FY 2019, the agency received 5,486 new matters and resolved over 6,100 cases. The majority of cases came from the Department of Veterans Affairs (VA). Even with this increase in cases, in FY 2019, OSC reduced its case backlog from 2,607 to 1,909 cases.

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[8] Office of Special Counsel, *Fiscal Year 2021 Congressional Budget Justification and Performance Budget Goals* (Feb. 10, 2020) (online at https://osc.gov/Documents/Resources/Congressional%20Matters/Congressional%20Budget%20Justifications/FY%202021%20Congressional%20Budget%20Justification.pdf).

According to OSC, the President's proposed budget "will not allow us to meet the rising demand for the agency's services among the federal workforce and further reduce our case backlog." The Committee supports funding OSC at a level of $30,500,000 to allow the agency to address the increased workload. The Committee supports this requested increase in funding over the level in the continuing resolution.

National Archives and Records Administration

The Committee strongly opposes cuts in funding for the National Archives and Records Administration (NARA). NARA is responsible for ensuring that presidential and federal records are preserved and accessible for future generations. As the volume of electronic records continues to increase, it is imperative that NARA has the resources necessary to process those records and provide guidance to the White House and federal agencies on records retention and transparency.

The Office of Government Information Services (OGIS), which serves as the Freedom of Information Act (FOIA) ombudsman, is funded through the budget of NARA. OGIS plays a critical role by helping mediate FOIA disputes and evaluate agency compliance with FOIA.

The Committee strongly supports the National Historical Publications and Records Commission (NHPRC) Grants Program. The Commission awards competitive matching grants to help finance the nation's non-federal archives and projects to edit and publish historical records of national importance. These grants make it possible for scholars and school children to have access to the papers of the Founding Fathers and national leaders like Abraham Lincoln and Dr. Martin Luther King, Jr. These grants supported the Freedmen and Southern Society project, a documentary history in the words of emancipated slaves of the transition from slavery to freedom in the southern United States. These grants also fund projects to improve electronic archiving.

The President's proposal to eliminate this program would negatively affect archives and historical records programs across the country and could put our national history at risk. Bipartisan legislation, H.R. 2978, the National Historical Publications and Records Commission Reauthorization Act, would reauthorize NHPRC at a level of $15 million annually through 2025.

Federal Acquisition

With the increasing predominance of e-commerce in the private sector, the federal government is taking steps to provide a similar platform with federal acquisitions. While this has the potential for administrative savings through reducing the burden on federal contracting officers, competition must be maximized, and continued enforcement of federal procurement statutes should be ensured.

Current law requires federal contractors with significant tax debts to be considered for suspension or debarment. Enforcement of this law could improve contractor compliance and could help to shrink the "tax gap." The Committee will continue to monitor and seek to improve contractors' compliance with federal tax law through this mechanism.

Federal Information Technology and Cybersecurity

The Committee supports a governmentwide approach to modernizing technology and mitigating risk associated with federal uses of technology. The Committee supports the funding and research of innovative technologies that can improve government while respecting the rights of citizens.

The Committee supports increased funding for cybersecurity and information technology governmentwide and opposes cuts from the National Institute of Standards and Technology (NIST), which sets the cybersecurity standards for every government agency. The Committee opposes cuts to cyber research and development that would risk putting the nation at a competitive disadvantage in the development of new technologies. The Committee supports efforts to reduce vulnerabilities of connected devices in order to maintain secure technology infrastructure.

The Committee supports continued funding for the Technology Modernization Fund to implement the Modernizing Government Technology Act. The Committee supports continued investment in non-defense research and development in order to spur innovation in the public and private sectors.

Federal Workforce

The Committee has primary jurisdiction of governmentwide personnel agencies including the Merit Systems Protection Board, OSC, the Office of Government Ethics (OGE), the Federal Labor Relations Authority, and the Office of Personnel Management (OPM).

The Committee oversees OPM's administration of the Federal Employees Health Benefits Program (FEHBP) and the federal retirement programs, the Civil Service Retirement System, and the Federal Employees Retirement System. The Committee also has jurisdiction over the Federal Thrift Savings Plan administered by the Federal Retirement Thrift Investment Board.

Federal workers provide vital services to the American people, including protecting the nation's borders; ensuring the safety of our air, water, and environment; researching cures for deadly diseases; and conducting search and rescues during natural disasters.

The Committee strongly opposes proposals to cut the pay and benefits of hardworking middle-class federal employees. The Committee also opposes proposals that would reduce paid leave for federal employees through consolidated leave programs. It would be unfair to impose additional financial burdens on federal employees to pay for trillions of dollars in tax cuts for millionaires and corporations. Rather than strengthening the federal workforce and making the federal government the model employer, such proposals would decimate the civil service and endanger agency missions.

The Committee strongly supports efforts to increase the pay of federal workers to mitigate the losses they suffered through years of pay freezes and raises that were lower than cost of living increases. The Committee seeks to ensure that federal employee pay does not continue to fall behind that of their private sector counterparts. The federal government must continue to compete for top talent. The Committee is opposed to the Administration's proposal to provide a modest 1% pay increase for federal civilian employees. It is wholly inadequate for the hardworking members of the civil service.

For the past two years, the Committee has supported the House in successfully overriding the Administration's proposal to freeze federal civilian employee pay and fought to ensure federal employees pay increases of 1.9% and 3.1%, respectively. The Committee opposes the lack of pay parity between civilian employees and military service members, who would receive a 3% pay raise—two percentage points more than proposed for civilians—under the Administration's budget. The Committee supports H.R. 5690, the Federal Adjustment of Income Rates Act, which would increase the rate of pay for federal employees by 3.5% for FY 2021.

Almost nine million federal employees, retirees, and their families depend on affordable, quality healthcare through the FEHBP.[9] The Committee opposes proposals to reduce the federal government contribution rate for employee healthcare premiums or to "voucherize" federal healthcare benefits. The Committee will work to ensure that OPM limits increases in healthcare premiums and drug prices.

The Committee strongly opposes proposals that jeopardize the pensions of more than two million federal employees who dedicate their lives to public service. Specifically, the Committee opposes the Administration's proposals to increase employee pension contributions, eliminate cost of living adjustments, and eliminate pensions for existing or new employees. Such actions would hinder efforts to attract and retain top talent to the federal government, including younger talent. At a hearing in September 2019, the Committee learned that just 6% of the federal workforce is under age 30—compared to 21% in the private sector.[10] The Committee opposes also proposals that would decrease the interest rate earned by the Thrift Savings Plan government securities investment fund.

The Committee opposes proposals to change the current federal personnel system (the General Schedule system) into a pay-for-performance system. DOD tried unsuccessfully to implement a pay-for-performance system, the National Security Personnel System. Congress had to terminate the pay system because of concerns regarding inconsistent application, lack of transparency on performance appraisal ratings, lack of stakeholder involvement, and pay inequities.

The Committee strongly opposes proposals to abolish OPM and place control of merit-system principles inside the Executive Office of the President. The Subcommittee on Government Operations has sent letters to OPM and the General Services Administration (GSA)

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[9] Office of Personnel Management, *My Annuity and Benefits: Healthcare and Insurance* (online at www.opm.gov/retirement-services/my-annuity-and-benefits/healthcare-insurance/).

[10] Committee on Oversight and Reform, Subcommittee on Government Operations, *NextGen Feds: Recruiting the Next Generation of Public Servants* (Sept. 25, 2019) (online at https://oversight.house.gov/legislation/hearings/nextgen-feds-recruiting-the-next-generation-of-public-servants).

seeking 13 categories of documents that would allow the Committee to assess the Administration's reorganization proposal, which are still outstanding. The Subcommittee held two hearings regarding this matter. In response to the Committee's oversight, Margaret Weichert, then-OPM Acting Director and the Deputy Director for Management at OMB, was quoted in the *Washington Post* saying she intends to "play chicken with Congress" rather than working with Congress to answer questions and enlist support for reforms.[11]

The FY 2020 National Defense Authorization Act included a provision prohibiting the Administration from taking steps to carry out this reorganization until the National Academy of Public Administration can study OPM and recommend a path forward for the agency. Despite this statutory provision and the bipartisan opposition to this dangerous proposal, President Trump continues to threaten our hardworking federal employees and the nonpartisan nature of our national workforce by keeping this proposal in his budget request.

The Committee opposes efforts to expedite dismissal processes that would infringe on the due process rights of federal employees, which are designed to protect whistleblowers and those who are wrongly accused of poor performance or infractions.

The Committee strongly supports increasing federal agency budgets to provide for managerial and employee training. Mission-critical skills gaps at federal agencies have been included on the Government Accountability Office (GAO) High Risk List since 2001. GAO and OPM have identified skill gaps in government occupations in the fields of science, technology, engineering, mathematics, cybersecurity, and acquisitions. The high percentage of retirement-eligible employees is contributing to gaps in leadership and institutional knowledge. Approximately one-third of permanent federal employees will be eligible to retire within the next five years.[12] The Committee believes federal agencies need to improve employee training in areas related to ethics, sexual harassment, equal employment opportunity, and whistleblower retaliation.

The Committee supports proposals to address the vast number of vacancies in the federal government at all levels. According to Washington Post, many of the Administration's agency leadership positions remain unfilled to this day: "From the Justice Department to Veterans Affairs, vast swaths of the government have top positions filled by officials serving in an acting capacity – or no one at all." The Partnership for Public Service, which has tracked nominations for over 30 years, stated: "The Trump administration is slower to fill jobs and has higher turnover than any administration we have records for."[13]

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[11] *The Trump Administration Threatens Furloughs, Layoffs at OPM if Congress Doesn't Let it Kill Personnel Agency* (June 19, 2019) (online at www.washingtonpost.com/politics/trump-administration-threatens-furloughs-layoffs-if-congress-doesnt-let-it-kill-personnel-agency/2019/06/19/b7200fda-9135-11e9-b58a-a6a9afaa0e3e_story.html)

[12] Government Accountability Office, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas* (Mar. 6, 2019) (GAO-19-157SP).

[13] *'It's Way Too Many': As Vacancies Pile Up in Trump Administration, Senators Grow Concerned*, Washington Post (Feb. 4, 2019) (online at www.washingtonpost.com/national/health-science/its-way-too-many-as-vacancies-pile-up-in-trump-administration-senators-grow-concerned/2019/02/03/c570eb94-24b2-11e9-ad53-824486280311_story.html?utm_term=.6d4dc2b5861d).

The vacancies are not confined to top agency positions. For example, there are about 49,000 vacancies at the VA, the vast majority of which are within the Veterans Health Administration, the division responsible for veterans' health care.[14]

The Committee opposes efforts to arbitrarily reduce the size of the federal workforce as part of federal government reorganizations mandated by the Administration. The Committee will press for full transparency of agency reorganizations, as well as detailed justifications for program changes, staffing reductions, or contracting out of federal functions.

Proposed Reorganization of U.S. Secret Service

The Committee has primary jurisdiction over the reorganization of the legislative and executive branches of the federal government.[15]

President Trump's budget request seeks to transfer the U.S. Secret Service from the Department of Homeland Security to the Department of the Treasury.

The Committee supports complete transparency from the Trump Administration in any plan to reorganize the Executive Branch, including appropriate consultation with the Committee, and timely providing a full justification of the need for the proposed reorganization as well as an assessment of the impact of the proposed reorganization on the Secret Service's critical mission.

Federal Bureau of Investigation's Headquarters Project

The Committee continues to investigate the Trump Administration's abrupt decision to abandon the long-term plan to move the headquarters of the Federal Bureau of Investigation (FBI) from its current site in Washington, D.C. to a suburban location and replace it with a more costly plan to demolish the existing building and construct a new facility on the same site.

The FBI's budget request would rescind $150 million from the headquarters project.[16] The budget of General Services Administration (GSA) also failed to request any appropriations for the project.[17]

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[14] *VA Secretary Prioritizing Job Vacancies, Offering Financial Incentives,* Stars and Stripes (Feb. 27, 2019) (online at www.stripes.com/news/us/va-secretary-prioritizing-job-vacancies-offering-financial-incentives-1.570664).

[15] House Rule X, clause 4(c)(1)(B).

[16] Federal Bureau of Investigation, *FY 2021 Budget Request* (Feb. 11, 2020) (online at www.justice.gov/doj/page/file/1246691/download).

[17] General Services Administration, *FY 2021 Congressional Justification* (Feb. 10, 2020) (online at www.gsa.gov/cdnstatic/GSA_FY2021_Congressional_Justification.pdf).

In 2011, GAO found that the current J. Edgar Hoover headquarters building was "aging," "deteriorating," and in need of repairs.[18] During March 13, 2019, testimony before the House, GSA Administrator Emily W. Murphy attested to the state of the conditions in the headquarters building:

> Just a few weeks ago, an eight-pound piece of concrete fell through the ceiling at the J. Edgar Hoover building, knocking out overhead lighting and causing damage to an office desk. Thankfully no one was hurt, but incidents like these will only become more frequent if the status quo remains intact.[19]

Two-and-a-half years after the Trump Administration abruptly abandoned the long-term relocation plan, the Administration has not announced a comprehensive plan for addressing the FBI's aging infrastructure and need for a modern facility.

Environmental Protection Agency

The Trump Administration's FY 2021 budget would put the lives of every American and the environment at greater risk by cutting $2.4 billion from the Environmental Protection Agency (EPA) budget, a 26% decrease from FY 2020. The Trump Administration also would eliminate funding for 50 programs that the Administration has dubbed "wasteful."

Along with the complete elimination of key programs, funding for other vital programs would be cut. For example, in the President's FY 2021 budget proposal, the Superfund program, which was designed to clean-up hazardous waste sites, would be cut by $113 million, even in the face of the largest backlog of waste clean-ups in 15 years.

The world is in the midst of a climate crisis, and the country is experiencing more frequent and increasingly severe natural disasters. Yet, the Administration has shown—and continues to show—a blatant disregard for preparing for this new reality by proposing substantial cuts to the EPA and by including zero efforts in the budget to address climate change or its effects. The Trump Administration's FY 2021 budget proposal fails to reflect the priorities of what the EPA was created to do—protecting the environment and the lives of the American people.

Department of Energy and Federal Emergency Management Agency

The Administration has de-prioritized the transition to renewable energy with cuts to the Department of Energy's budget. In addition, the budget proposal for the Federal Emergency

[18] Government Accountability Office, *Federal Bureau of Investigation: Actions Needed to Document Security Decisions and Address Issues with Condition of Headquarters Buildings* (Nov. 8, 2011) (GAO- 12- 96) (online at www.gao.gov/products/gao-12-96).

[19] Committee on Appropriations, Subcommittee on Financial Services and General Government, Statement of Administrator Emily W. Murphy, General Services Administration, *Hearing on GSA Oversight* (Mar. 13, 2019) (online at https://appropriations.house.gov/legislation/hearings/gsa-oversight-hearing).

Management Agency (FEMA) includes significant cuts to federal assistance offered by the agency to state and local governments to aid with response to natural disasters and extreme weather events.

Postal Service Reform

The financial condition of the Postal Service remains fragile. At the end of FY 2019, the Postal Service's total liabilities exceeded its assets by $72 billion. It continues to default on payments due for amortization of unfunded health and pension liabilities and the normal cost of retiree health benefits.

The recent coronavirus crisis has only exacerbated the financial difficulties faced by the Postal Service. Mail volume has begun to drop precipitously. Without financial relief, the Postal Service estimates that it could have to cease operations by June.

The Committee believes that the current business model of the Postal Service is unsustainable. Mail volume has been declining for more than a decade and will continue to do so. Rates are capped at the rate of inflation, and the recent growth in package delivery is slowing. At the same time, the universal service obligation requires the Postal Service to maintain an extensive physical infrastructure and large workforce. The average daily number of mail pieces has dropped from 5.5 per address in 2007 to 3.5 in 2018.

To address these issues, the Postal Service has reduced its operating costs significantly over the last decade. It has reduced the number of processing facilities by approximately 50%, consolidated delivery routes, and reduced hours at Post Offices. It has reduced the total number of employees by 162,000, or 20%. Capital and administrative expenditures have also been significantly reduced.

During the 115th Congress, the Committee passed a bipartisan postal reform bill introduced by then-Chairman Jason Chaffetz, then-Ranking Member Elijah E. Cummings, and other Committee Members. Unfortunately, that bill did not receive a vote on the House floor. The Committee is committed to addressing the Postal Service's financial stability and will work to pass postal reform legislation during the 116th Congress.

Sincerely,

Carolyn B. Maloney

Carolyn B. Maloney
Chairwoman

Republican Views

Budget Views and Estimates for Fiscal Year 2021
Committee on Oversight and Reform

April 6, 2020

The Republicans Members of the Committee on Oversight and Reform offer these Views and Estimates on the Fiscal Year 2021 budget pursuant to § 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f).

The Democrat Majority intends to use this process to develop its own budget for FY2021. If prior Democrat budgets are precedent, their FY2021 budget will call for devastating tax increases on middle-class American families. It will also likely further weaken our defense and national security programs by cutting mission-critical programs that protect our war fighters. Past Democrat budgets have also relied on massive accounting gimmicks to hide the true cost of their socialist agenda.

Pandemic Response

Committee Republicans support the swift actions of the Trump Administration to react to this unforeseen and deadly virus, COVID-19, also known as coronavirus. We further support the efforts of the President's Coronavirus Task Force to implement policies consistent with "15 Days to Slow the Spread" which was recently expanded 30 additional days.[1] Committee Republicans support the Food and Drug Administration and the drug companies who have turned their efforts toward finding therapeutics and developing a vaccine for fighting COVID-19. Without their innovation and investment into research and development, these types of solutions would not be possible. The safety of the American people is of the utmost importance to Committee Republicans and we support efforts to further that goal.

Committee Republicans worked tirelessly to pass three separate pieces of legislation to provide essential equipment to our healthcare workers and strengthen the economy. Throughout the process, the Speaker and Committee Democrats prolonged the negotiations to push their unrelated, aggressive liberal agenda rather than find solutions for the American people. Committee Republicans will support further measures as necessary that specifically address efforts to fight COVID-19 – not Committee Democrat's wish list of liberal policies backed by federal employee unions. Additional legislative measures must have a direct nexus to the pandemic and ensure the singular goal of recovery. Any measures supported by Republicans must advance recovery for the American people, their businesses, and their communities when the pandemic is under control.

[1] 15 Days to Slow the Spread at https://www.whitehouse.gov/articles/15-days-slow-spread/.

Opioid Crisis

An estimated 20.2 million Americans – or 8.4 percent – have a substance-use disorder.[2] Of those, 2 million have a substance-use disorder involving prescription pain relievers and 591,000 have a substance-use disorder involving heroin.[3] The crisis has exacerbated incidences of infectious diseases like hepatitis C and HIV, and neonatal abstinence syndrome (NAS). The rate of babies born with NAS has increased five-fold since 2000, with a baby suffering from opioid withdrawal being born every 25 minutes.[4] The opioid crisis touches every corner of America and Committee Republicans are committed to ending this crisis in our communities.

Committee Republicans support the prevention, treatment, and interdiction drug control efforts of the Office of National Drug Control Policy (ONDCP). Additionally, Committee Republicans support the drug-trafficking disruption and dismantling assistance that the High Intensity Drug Trafficking Areas program provides to Federal, state, and local authorities. The Drug Free Communities program is critical to reduce illicit substance use in youths across local communities.

Committee Republicans strongly support action taken by President Trump to address the opioid crisis, including the President's Initiative to Stop Opioid Abuse and its focus on reducing the international and domestic illicit drug supply and drug demand through prevention, treatment, and education efforts. Committee Republicans support the President's efforts to strengthen interdiction efforts by equipping the relevant agencies with resources to stop drug shipments from entering the country, improve the ability to interdict and detect illicit fentanyl, heroin, and other drugs, and investigate opioid and drug smuggling and importation efforts.

Finally, Committee Republicans support efforts to reduce over prescribing of opioid drugs through initiatives such as President Trump's Safer Prescribing Plan which aims to cut nationwide opioid prescription fills by one third within three years. Committee Republicans support efforts to reduce dependency on opioid prescriptions by allocating more funding for research to develop alternative therapies for pain management as well as better treatment options for those addicted to opioids. Committee Republicans are happy to report that opioid prescriptions have fallen by 16 percent since President Trump took office and look forward to working with this Administration so that number continues to fall.

Prescription Drug Pricing

Committee Republicans support efforts to lower prescription drug prices for American families such as closing loopholes for companies while continuing to encourage innovation. The U.S. is the leading innovator globally for ground-breaking medicine because we have balanced a

[2] National Institute of Mental Health, *Substance Use and Mental Health*, https://www.nimh.nih.gov/health/topics/substance-use-and-mental-health/index.shtml.
[3] American Society of Addiction Medicine, *Opioid Addiction: 2016 Facts & Figures*, https://www.asam.org/docs/default-source/advocacy/opioid-addiction-disease-facts-figures.pdf.
[4] U.S. Dep't of Health & Human Serv., Nat'l Institute on Drug Abuse, *Dramatic Increases in Maternal Opioid Use and Prenatal Abstinence Syndrome*, https://www.drugabuse.gov/related-topics/trends-statistics/infographics/dramatic-increases-in-maternal-opioid-use-neonatal-abstinence-syndrome.

strong patent system while guaranteeing efficacy and safety through rigorous and expensive regulatory review at the Food and Drug Administration. Committee Republicans support the President's American Patients First blueprint which is aimed at lowering drug prices and reducing out-of-pocket costs. Finally, Committee Republicans support President Trump's list of principles for drug pricing reform which called for legislation that: caps Medicare Part D beneficiary out-of-pocket pharmacy expenses; offers protection for seniors against the out-of-pocket cost cliff created by Obamacare; and gives insurance companies an incentive to negotiate better prices for costly drugs.

Despite the villainization of drug companies by the Committee Democrats, Committee Republicans applaud the efforts of the drug companies for their swift response to the recent outbreak of COVID-19. These companies are allocating countless hours and resources to finding therapeutics and creating vaccines to save and protect American lives. Without their innovation and investment, a vaccine and treatment would not be possible.

Women's and Reproductive Health

Committee Republicans strongly support the Department of Health and Human Services' (HHS) final rule for the Title X family planning program, also known as the Protect Life Rule.[5] The rule ensures compliance with the statutory prohibition against using Title X funds for funding abortions without reducing funding for family planning. Committee Republicans support the unprecedented efforts of President Trump to promote and protect the value of human life rather than destroy it through the use of federal funds for abortions. By changing Title X qualifications, Federally Qualified Health Centers, which provide comprehensive health services to women in underserved areas and serve more women per year than Planned Parenthood, can apply for and receive more funding.

Committee Republicans strongly support the Administration's efforts to protect individual freedoms of health care providers and entities from discrimination by strongly supporting HHS's new Protecting Statutory Conscience Rights in Health Care rule.[6] This rule protects health care professionals and entities from being penalized for declining to participate in actions that violate their conscience such as abortion, sterilization, or assisted suicide. Health care workers and entities should not have to check their values at the door and Committee Republicans support efforts to protect health care professionals and institutions from discrimination due to their beliefs.

Federal Health Programs

Committee Republicans have consistently worked to protect access to affordable health care for all Americans. The Democrat majority's pursuit of socialized health care will increase taxes for all Americans, lead to poorer quality care, and decrease innovation. As is evident from the COVID-19 pandemic, we should encourage innovative research and seek to improve access to care, not create a limited list of government-covered treatments.

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[5] 42 C.F.R. 59 (A), Grants For Family Planning Services.
[6] 45 CFR 88, Protecting Statutory Rights in Health Care.

Committee Republicans are also concerned that according to the Medicare Trustees, the Medicare program will be insolvent by 2026. Medicare's insolvency is a real threat to the hard-working Americans who depend on it. The projected insolvency should be met with a bipartisan solution. Finally, Committee Republicans support the Administration's efforts to empower States to tailor their Medicaid programs to their own citizens rather than meeting burdensome federal regulatory requirements.

Federal Workforce

The Committee has primary jurisdiction over government-wide federal personnel agencies including: Office of Government Ethics (OGE); Merit Systems Protection Board (MSPB); Office of Special Counsel (OSC); Federal Retirement Thrift Investment Board (FRTIB); Federal Labor Relations Board (FLRB); and Office of Personnel Management (OPM). At OPM, the Committee oversees the Federal Employees Health Benefits Program (FEHBP) and the two federal retirement programs, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). FEHBP, CSRS, and FERS are the largest mandatory budget programs authorized by the Committee.

The Office of Personnel Management (OPM) manages benefits for the 2.1 million federal government employees. Committee Republicans support efforts to cultivate a civilian workforce with skills that can be applied to tomorrow's challenges. Managing such a large workforce in a consistent manner has been a challenge. In fact, human capital management, in the federal government, was added to the Government Accountability Office (GAO) High Risk List in 2001.

Over the decades, OPM has faced significant shortfalls in its own management. The agency has endured a revolving door of agency directors. OPM needs strong, capable, steady leadership to address the internal cultural deficiencies at the agency. In 2015, OPM suffered the largest data breach of federal employee records in history. Despite this breach of public trust, OPM's technology remains woefully inadequate. At a recent Congressional briefing, OPM disclosed their call center has been falsely reporting call data and deliberately giving federal retirees a busy signal to boost their call time scores.[7] Falsifying records to the detriment of federal retirees is a major concern for Committee Republicans. The ongoing technology issues at OPM show the agency is currently failing to manage a modern, 21st century workforce. Committee Republicans support robust oversight of OPM's information technology system and will work with the Administration on ways to reform OPM.

In 2018, President Trump issued three Executive Orders to enhance accountability across the federal workforce. Executive Order 13836 directs all agencies to reevaluate and, where appropriate, renegotiate the collective bargaining agreements between the agency and its employees' unions.[8] Executive Order 13837 puts a stop to unauthorized union time. Federal employees now need to seek authorization before engaging in union activity on official time. Unauthorized union time will be treated as leave without pay. Additionally, federal employees

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[7] Briefing by Jonathan Blyth, Chief of Staff, Office of Personnel Management, to bicameral majority and minority staff, H. Comm. on Oversight & Reform and S. Comm. on Homeland Sec. and Gov't Affairs (Mar. 5, 2020).
[8] Executive Office of the President, Executive Order 13836, 83 Fed. Reg. 25329- 25334 (May 25, 3018).

may not devote more than 25 percent of their paid time to union business or use union time to conduct lobbying activities.[9] Finally, Executive Order 13839 provides additional flexibility for managers to discipline and remove federal employees with a history of poor performance. The order prioritizes job performance over tenure.[10] Committee Republicans support the President's executive orders, which are consistent with policies pursued by Committee Republicans for several years.

The Democrat Majority and its union allies continue to stand in the way of a modern, 21st century federal workforce. Instead, the Democrat Majority and its union allies would rather keep the status quo—to the detriment of taxpayers. Federal union officials have an economic interest in keeping the status quo. According to data from the Federal Election Commission analyzed by OpenSecrets.org, during the 2018 election cycle public sector unions donated more than $15.7 million to Democrats.[11] In a transparent attack on Trump Administration reforms to federal employee unions, Speaker Pelosi attempted to use the COVID-19 relief bill to roll back the Trump Administration Executive Orders reforming federal unions.[12] While these attempts by the House Majority to do the bidding of their union allies failed, Committee Republicans will continue to work with the Administration to increase accountability of the federal workforce. When staggering numbers of Americans are losing their jobs due to COVID-19, Republicans do not believe it is prudent to use taxpayer dollars to provide additional benefits to federal employees, who, in contrast to the private sector, maintain their jobs.

Committee Republicans will continue to support policies to better align compensation of federal workers with those of the private sector. At the request of the Committee, the Congressional Budget Office (CBO) released a 2017 report on options for changing the retirement system for federal civilian workers. CBO reported that on average federal employees receive a combined 17 percent higher wage and benefits package than the private sector over the 2011–2015 period. CBO found federal benefits to be 47 percent more generous than the private sector, while federal employees on average received three percent more in pay.[13] Committee Republicans will continue to pursue policies to ensure federal employees are contributing an equitable share toward the cost of their retirement.

United States Postal Service

The United State Postal Service (USPS) financial picture is unsustainable. The USPS has completed its 12th consecutive year of net losses. The USPS Annual Report to Congress cites a $8.8 billion net operating loss for FY 2019 which represents a 125 percent increase over FY

[9] Executive Office of the President, Executive Order 13837, 83 Fed. Reg. 25335- 25340 (May 25, 2018).
[10] Executive Office of the President, Executive Order 13839, 83 Fed. Reg. 25343-25347 (May 25, 2018).
[11] Public Sector Unions: Money to Congress available at https://www.opensecrets.org/industries/summary.php?ind=P04&cycle=2018&recipdetail=A&sortorder=U.
[12] Dave Boyer, *GOP details Pelosi's $2.5 trillion 'socialist wish list' in coronavirus aid package*, WASH. TIMES (Mar. 23. 2020) at https://www.washingtontimes.com/news/2020/mar/23/nancy-pelosi-coronavirus-stimulus-package-socialis/. *Also see,* Draft bill Take Responsibility for Workers and Families Act, Division P, 949, at https://apps.npr.org/documents/document.html?id=6817883-FINAL-HOUSE-BILL.
[13] CONG. BUDGET OFFICE, COMPARING THE COMPENSATION OF FEDERAL AND PRIVATE-SECTOR EMPLOYEES, 2011 TO 2015 (APR. 25, 2017)

2018.[14] This negative operational trend means the USPS is in an ever-deepening financial hole. Postal Service FY 2019 total liabilities, including retiree health benefits and debt, has reached $97.2 billion, equating to a total net deficiency of $71.5 billion.

The drivers of this financial picture are clear. Declining mail volume, a limited ability to change pricing for the 55 billion letters delivered last year, challenges in controlling the workforce costs of 633,000 employees, and increased infrastructure expenses all put the postal service on a worsening financial trajectory. GAO has included "USPS Financial Viability" on the High-Risk List for the last 10 years, stating the open recommendation for "Congress and the executive branch to achieve broad-based restructuring" including "facilitating USPS's ability to better align costs with revenues" and requiring "labor contracts to take USPS's financial condition into account."[15]

Committee Republicans recognize that the national economic impact of the COVID-19 pandemic emergency has severely aggravated the financial challenges of the USPS, specifically declining revenue streams and a large workforce facing a public health crisis. Committee Republicans are ready to work to address the Postal Service's management, financial, and workforce challenges through meaningful restructuring of the USPS.

The USPS is an important national service delivering mail to every American household and maintaining 31,322 post offices across the nation's communities. However, the USPS's failures to maintain a sustainable and profitable enterprise should not become a recurrent burden for American taxpayers. Long term reforms should help bring the USPS into the 21st century with a competitive business model and the ability to adapt to periodic economic challenges like any modern enterprise.

Census

A decennial census is constitutionally mandated under Article I, Section 2, clause 3, as modified by Section 2 of the 14th Amendment. Each decennial census determines the apportionment of congressional districts and the allocation of $650 billion per year in government spending. Committee Republicans support the Census Bureau's mission to count every person in America once and in the right place to ensure an accurate, and complete census.

Right now, the 2020 Census is in the final, and most critical, phase: Americans are now completing and returning the census questionnaire. Soon, the Census Bureau will begin its most expensive operation, Non-Response Follow-Up, in which 500,000 enumerators will go out into communities to contact non-responding households.

The current budget for the Census Bureau is higher than normal, reflecting the tremendous mobilization required to complete the decennial census. Naturally, funding for the Census Bureau in FY2021 will be significantly lower as major operations for the decennial

[14] U.S. POSTAL SERVICE, FY2019 ANNUAL REPORT TO CONGRESS (2019), HTTPS://ABOUT.USPS.COM/WHAT/FINANCIALS/ANNUAL-REPORTS/FY2019.PDF.
[15] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-19-157SP, HIGH-RISK SERIES: SUBSTANTIAL EFFORTS NEEDED TO ACHIEVE GREATER PROGRESS ON HIGH-RISK AREAS (2019).

census are concluded. Committee Republicans continue to support robust funding and oversight of the decennial census and will work to ensure on-time completion of the census, despite the problems presented by COVID-19.

Immigration Enforcement and Border Security

While Committee Democrats continue to attempt to undermine our law enforcement officers at the border, Committee Republicans strongly support President Trump's continued efforts to secure our southern border, including the construction of a border wall. With attempted illegal immigration increasing at staggering levels, the need for additional resources to support our nation's law enforcement officers is paramount. The President's budget increases funding for Customs and Border Patrol, allowing them to hire more agents and support staff. It also provides more funding for non-wall border security measures. In addition to an increase in immigration judges, the President's budget also provides additional resources for Immigration and Customs Enforcement. These resources would be used to hire more officers and increase bed capacity at detention facilities. This increased bed capacity would enable law enforcement to keep America safer by keeping potentially dangerous illegal immigrants off the streets while they await deportation.

Committee Republicans welcome all people who wish to legally come to the United States in pursuit of a better life and better economic opportunities. We are a nation of laws. Committee Republicans will continue to hold Committee Democrats accountable for their open border policies. A key pillar to our nation's sovereignty is the ability to defend and enforce its borders.

The Committee stands read to assist President Trump in defending our nation by providing much needed resources to the men and women who heroically defend our border.

Modern, Efficient, and Secure Federal Information Technology Management

The federal government's spending on information technology (IT) has consistently eclipsed $90 billion annually. The FY 2021 budget request includes approximately $92 billion in federal agency IT spending across 8,645 agency investments. The budget request includes $18.8 billion to support cybersecurity efforts protecting federal information systems and safeguarding the American public's personal information.[16]

Committee Republicans recognize that federal IT spending supports nearly every federal agency mission and program. However, IT acquisition remains highly risky and expensive. We remain supportive of key oversight activities to achieve modern, secure, and cost-effective federal IT investments.

Federal IT spending is challenged by the continual dedication of resources to support operation and maintenance of legacy systems at the expense of investments in newer, cost-

[16] OFFICE OF MANAGEMENT & BUDGET, A BUDGET FOR AMERICA'S FUTURE, ANALYTICAL PERSPECTIVES FY2021 (https://www.whitehouse.gov/wp-content/uploads/2020/02/ap_15_it_fy21.pdf).

effective IT systems. As widely used commercial support services and compatible hardware and software products leave the commercial market, legacy IT systems become more expensive to maintain effectively and securely. This is an inefficient use of federal taxpayer resources.

Committee Republicans recognize these challenges and will continue to support policies and programs bringing agile development and change management best practices, modern secure cloud applications and artificial development enabled automation technologies, and competitive commercial products to federal agencies. Such policies will enable the smart deployment of budget resources to bring modern, efficient, and secure IT solutions to federal agencies.

Overall, cost effective IT management and information security requires agency leadership that can accurately maintain management IT portfolios, including inventories of the hardware and software assets connected to federal networks.

Republicans on the Committee will continue to prioritize oversight that helps assure the accurate accounting of agency technology investments, reduction in duplication and unnecessary spending, and further alignment of IT contracts. This will drive further efficiency into the federal IT portfolio and assure agency mission success.

Federal Acquisition

The President continues his efforts to cut red tape and make acquisition easier and the federal marketplace more attainable for small businesses. Reducing red tape makes the federal government act more like a private consumer, making it faster and easier for the purchase of much needed equipment and services.

Increasing use of commercial off the shelf (COTS) products can lead to significant savings of taxpayer dollars by leveraging the demand that already exists in the market. By combining COTS purchases with better category management, the federal government can maximize its purchasing power by interacting with contractors as one voice and purchasing government wide. Current category management practices have drastically reduced duplicative purchases, increased small business involvement, resulted in billions in savings, and increased access to innovative products and services.

Further efforts to bring non-traditional contractors to the federal government include increasing access to e-Commerce acquisition for federal purchase card holders. This would allow new businesses to access government buyers through an online purchase portal. Streamlining acquisition through a government portal would bring further transparency to how much is being spent and what is being purchased. This increased transparency will allow Agencies to better track spending and lead to significant savings.

Protecting America's Environment and Energy

Committee Republicans strongly support the Trump Administration's Environmental Protection Agency (EPA) budget request for FY 2021. The $6.6 billion and more than 12,600 Full-Time Employee (FTE) will help the agency focus on the core mission of the EPA. The proposed budget will advance deregulatory actions to foster environmental protection and economic growth. The budget request includes funding to focus on critical national environmental challenges. The EPA will be focusing on reducing the harm caused by per- and polyfluoroalkyl substances (PFAS) chemicals, reducing ocean pollution, reducing lead exposure for all Americans, investing in the Nation's water infrastructure, and improving the Nation's recycling system.

The Trump Administration's EPA has made reducing the backlog of Superfund sites across the country a top priority. In 2019, the Agency deleted 27 Superfund sites alone.[17] This is the largest number of sites deleted from the National Priorities List since 2001. EPA has also made substantial progress with regard to Superfund enforcement. In 2019, the Superfund Enforcement Program received commitments to reduce, treat or eliminate a total of 347.2 million pounds of pollution.[18] The Agency also received commitments for $961 million for new site cleanup and payment of EPA oversight costs.

Committee Republicans strongly support the Trump Administration's Department of Energy (DOE) budget request for FY 2021. The budget will ensure American's energy independence and fund innovation for reliable and efficient energy sources.

National Archives and Records Administration

Committee Republicans support the $367 million budget request of the National Archives and Records Administration (NARA), which includes targeted cuts that preserve the core mission of the Administration.

This FY 2021 request includes net increases to the critical public information services and records management mission areas. Within these core mission funding requests are targeted increases to bolster personnel resources with delineated requests for $96.9 million for Research Services, $94.1 million for the Legislative Archives, Presidential Libraries, and Museum Services, and $40.5 million for the general Agency Services records management organization. Furthermore, the funding request fully continues NARA's contribution to government-wide Electronic Government (E-Gov) Initiatives including E-Travel, Grants.gov, and the Freedom of Information Act Portal.[19]

Of note, NARA has not requested funding for the National Historical Publications and Records Commission (NHPRC), a continuation of the FY2018 through FY2020 President's budget requests. However, the FY 2021 request states that the NHPRC will benefit from $1.6 million in NARA's Operating Expenses to support the Commission's administrative expenses.[20]

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[17] *The Fiscal Year 2021 EPA Budget: Hearing Before the H. Comm on Energy & Commerce, Subcomm. on Environment & Climate Change,* 116th Cong. 9-10 (Feb. 27, 2020) (statement of Andrew Wheeler, Administrator, Environmental Protection Agency).
[18] *Id.*
[19] Nat'l Archives & Records Admin., Performance Budget, https://www.archives.gov/files/about/plans-reports/performance-budget/2021performance-budget.pdf (last visited Mar. 31, 2020), at .
[20] Nat'l Archives & Records Admin., Performance Budget, https://www.archives.gov/files/about/plans-reports/performance-budget/2021performance-budget.pdf (last visited Mar. 31, 2020).

Federal Bureau of Investigation Headquarters Project

The Democrat Majority has taken a particular interest in the headquarters location of the Federal Bureau of Investigation (FBI). In October 2018, Democrats on the House Oversight and Reform Committee and the House Transportation and Infrastructure Committee began an investigation into the FBI's decision-making process for a new headquarters building. The Democrat Majority suggested a conspiracy among the FBI, the General Services Administration (GSA), and the White House to keep the FBI headquarters at its current site in downtown Washington, D.C.[21] The Democrats allege that the conspiracy sought to benefit the Trump International Hotel, which is located in close proximity to the FBI headquarters and owned by the Trump Organization.

The Democrat Majority's investigation is just another attempt by House Democrats to manufacture the appearance of a Trump Administration scandal. Testimony taken in response to the Majority's investigation refutes Democrat conspiracy theories about the FBI headquarters decision.[22] Regrettably, the Democrat investigation will only serve to further delay any new FBI headquarters project, further harming the FBI's mission and its employees.

Combatting Waste, Fraud and Abuse

Committee Republicans take seriously the Committee's responsibility to combat waste, fraud and abuse across the government. In previous years, the Committee has shown bipartisan support for the work of Inspectors General (IGs) who play a critical role in identifying waste, fraud, abuse, and mismanagement across the government. With the recent passage of an unprecedented relief package to protect the American people and the American economy against COVID-19, combatting waste, fraud, abuse, and mismanagement is paramount. Investing in the IGs and GAO yields significant returns throughout the government and Committee Republicans support their ongoing efforts.

Jody Hice
Ranking Member
Subcommittee on Government Operations

[21] *See* Press Release, Representative Gerry Connolly (D-VA-11), Connolly Statement on today's GSA IG Report on the FBI Headquarters Decision (Aug. 27, 2018), https://connolly.house.gov/news/documentsingle.aspx?DocumentID=1453.
[22] Richard Haley Transcribed Interview, July 24, 2019 (on file with Committee).

EDDIE BERNICE JOHNSON, Texas
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RANKING MEMBER

Congress of the United States
House of Representatives
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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March 23, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
B-234 Longworth House Office Building
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
U.S. House of Representatives
134 Cannon House Office Building
Washington, DC 20515

Chairman Yarmuth and Ranking Member Womack:

Please find enclosed the Minority Views and Estimates of the Committee on Science, Space, and Technology on the FY 2021 Budget Request. Thank you for your consideration.

Sincerely,

Eddie Bernice Johnson

Eddie Bernice Johnson
Chairwoman
Committee on Science, Space, and Technology

Views and Estimates of the Committee on Science, Space, and Technology on the FY 2021 Budget Request for Submission to the Budget Committee

Eddie Bernice Johnson
Zoe Lofgren
Daniel Lipinski
Suzanne Bonamici
Ami Bera
Lizzie Fletcher
Haley Stevens
Kendra Horn
Brad Sherman
Steve Cohen
Jerry McNerney
Ed Perlmutter
Paul Tonko
Bill Foster
Don Beyer
Sean Casten
Jennifer Wexton
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Views and Estimates of the Committee on Science, Space, and Technology On the FY 2021 Budget Request for Submission to the Budget Committee

As was the case last year and the year before that, the President's Fiscal Year 2021 Budget Request reflects a lack of vision about the critical role that the nation's science and technology enterprise plays in ensuring our international competitiveness, promoting our citizens' quality of life, and protecting our national security. The Budget Request proposes deep cuts to vital research and development (R&D) programs and initiatives. America risks losing its preeminence in an increasing number of scientific and technological areas if we fail to make adequate investments in those areas.

Our message to the Budget Committee and the rest of Congress is a simple one: Namely, if enacted, the President's Fiscal Year 2021 budget request for the nation's R&D agencies would do serious harm to the nation both now and over the long term and it should be rejected by Congress.

The following sections address a few of the key areas that we believe are under threat and warrant increased investment rather than deep cuts.

National Science Foundation (NSF)

Funding for the National Science Foundation (NSF) has increased steadily in recent years, reaching $8.3 billion in FY 2020. The nearly $540 million cut proposed by the Administration for NSF in FY 2021 would represent a damaging step backwards for the agency. Our nation's leadership in science and technology is increasingly threatened across nearly all fields of science and engineering, including artificial intelligence, quantum science, and engineering biology, and research funded by NSF constitutes the very foundation of our entire science and technology enterprise. In addition, our nation faces an increasing demand for workers with STEM skills, and NSF is the leader in advancing innovation in STEM education at all levels.

We applaud the agency for sustaining its commitment to take bold new steps to transcend disciplinary boundaries and drive new frontiers in science and engineering through the 10 Big Ideas and the Convergence Accelerator. Our science agencies need to think big if they are to address society's most pressing scientific and technological challenges. We support the increases for research on emerging technologies including artificial intelligence, quantum information science, and synthetic biology. However, it is short-sighted for these investments to come at the expense of the agency's support for other critical research and education activities. We urge sufficient funding to support these important technology areas while also sustaining investments in foundational research across all disciplines, broadening participation, and STEM education from K-12 through graduate student training. We also need to maintain progress on all of the ongoing projects within the Major Research Equipment and Facilities Construction Account.

National Aeronautics and Space Administration (NASA)

NASA's challenging and inspiring missions are a catalyst for our nation's economic growth, innovation, scientific advancement, and the development of our science, technology, engineering, and mathematics-based education and workforce. Given that, the President's Budget Request represents a missed opportunity. While it provides a 12 percent increase over the FY 2020 enacted appropriation for NASA—in large part to provide additional funding for the President's Artemis Moon-Mars program—a significant fraction of that increase would be obtained by cancelling a number of high-priority science missions and once again attempting to eliminate NASA's Office of STEM Engagement. While there is broad bipartisan support for a credible and sustainable program of human space exploration with the horizon goal of Mars, it should be pursued in a manner that is not premised on harmful cuts or cancellations to NASA's science and climate research programs or to its STEM education programs.

Department of Energy (DOE) R&D

The FY 2021 Budget Request would cut DOE's non-defense research, development, and demonstration budget by 34.8 percent overall compared to FY 2020 enacted levels, which would significantly harm the development of new clean energy technologies and do lasting damage to the U.S. research enterprise. These proposed cuts include the elimination of ARPA-E and the Loan Programs Office (LPO). Most of DOE's other energy technology offices would receive significant cuts from FY 2020 funding levels. The Office of Energy Efficiency and Renewable Energy (EERE) would receive the largest cut of 74.2 percent (or $2.07 billion). EERE's primary mission is to "create and sustain American leadership in the transition to a global clean energy economy." EERE makes crucial investments in sustainable transportation (including energy storage), renewable energy, and energy efficiency. Nuclear Energy, which supports the development of advanced nuclear energy technologies that may be critical to future emissions reductions, would also be cut by 21 percent (or $313 million). Large reductions to so many of these clean energy programs would hurt the global competitiveness of the United States as well as our nation's ability to mitigate the rapidly growing impacts of climate change.

In addition, the Budget Request would cut the Office of Science by $1.16 billion, or 16.6 percent, from FY 2020 enacted levels. The Office of Science is responsible for supporting some of the most important science and energy research programs and facilities in the country. Without consistent, strong investments, the world-class user facilities and national laboratories stewarded by the Office would experience setbacks in facility construction, operations, and critical upgrades to facilities that house sensitive equipment and host thousands of scientists annually.

National Institutes of Standards and Technology (NIST)

The National Institute of Standards and Technology (NIST) is one of the most important but underappreciated agencies in our Federal government. Unfortunately, the Administration's Budget Request would cut funding for NIST by nearly 31 percent in FY 2021, including a 13.5 percent cut to Scientific and Technical Research Services (STRS), which is NIST's core measurement research and standards account. Such a cut would result in the elimination of 479 employee positions. Much of this technical talent could be lost forever even if the budget rebounded in subsequent years. These cuts would set back progress in biosciences, environmental measurement, forensic science, advanced communications, materials, disaster resilience, and many more important but overlooked programs at NIST. Given the fact that NIST already lacks the resources it needs to lead on international standards setting across all technologies and sectors, including important industries of the future, these cuts would be a gift to China and our other competitors, ceding U.S. interests in important international standards that benefit our companies and economy. Finally, within STRS, the budget proposal seeks to cut funding at the Center for Neutron Research, an aging but critically important user facility.

The Administration is also proposing to once again dramatically decrease support for NIST's Industrial Technology Services (ITS) account. This decrease includes the elimination of the Manufacturing Extension Partnership (MEP) program. The MEP program has proven to be a successful model for federal-state partnerships with significant payoff in economic growth and job creation across our nation. According to NIST, for every dollar of Federal investment, the MEP National Network generates $29.5 in new sales growth for manufacturers and $31.0 in new client investment. The ITS account also includes the Manufacturing USA network, which is coordinated through NIST and develops partnerships between companies, academia, and entrepreneurs to develop and deploy manufacturing technologies. Finally, the FY 2021 request would cut NIST's construction budget by $77 million, or 66 percent. This proposal covers some basic maintenance of NIST facilities but would not meet the agency's needs. Many of NIST's facilities are aging or outdated. Based on Department of Commerce standards, roughly 60 percent of NIST's facilities are in poor to critical condition.

National Oceanic and Atmospheric Administration

The President's FY 2021 Budget Request proposes cuts of over $727 million from NOAA programs and a reduction of 436 Full-Time Equivalent (FTE) positions. This is a 13.6 percent reduction in the agency's funding from the FY2020 Enacted Budget. These excessive cuts signal a retreat from NOAA's operational mission to understand and predict changes in climate, weather, oceans and coasts; share that knowledge and information; and conserve and manage coastal and marine ecosystems and resources. We cannot support these kinds of draconian cuts which endanger not only the vitality of the Agency itself but puts at risk the lives of millions of Americans that rely on the critical research, observations, and information produced by NOAA.

As NOAA celebrates its 50th anniversary this year, it is important to recognize the significant contributions the agency has made to the environmental understanding and protection of the nation since its inception. The proposed cuts to NOAA's funding for the National Climate Assessments, and reductions to NOAA's research and grants funding overall, would make it exceedingly difficult for the Agency to continue making strides in our understanding of climate change.

The President's Budget Request continues to propose reductions to critical earth and ocean observations, the tsunami warning program, marine debris removal and research, investments in numerical weather prediction models, funding for ocean exploration activities, and others along with eliminations or near eliminations of key programs like the National Sea Grant College Program, the Joint Technology Transfer Initiative, Regional Climate Services, the Air Resources Laboratory, the National Estuarine Research Reserve System, and the NOAA Office of Education. Climate competitive research, integrated water prediction, coastal zone management grants, arctic and Antarctic research programs, and many others are also proposed to be eliminated in the President's budget. In addition, the President's Budget Request proposes an unacceptable reduction of 365 positions, including 227 FTEs, within the National Weather Service despite an ongoing shortage of weather forecasters. The importance of maintaining a fully functioning NOAA cannot be overstated. We need to ensure that NOAA has adequate resources to continue to meet its lifesaving mission.

Environmental Protection Agency (EPA)

The President's Budget for FY2021 requests $6.7 billion for the Environmental Protection Agency, $2.4 billion (or 26 percent) below the FY2020 enacted level of $9.1 billion. The request for the Science & Technology programs within the EPA is $485 million, which is $232 million (or 32 percent) below the FY2020 enacted level of $716 million. While it is encouraging to see modest budget increases in multiple research program areas to deal with PFAS, lead, and harmful algal blooms, it does not counter the fact that the R&D budget at the agency, primarily within the Office of Research and Development (ORD), has been proposed to be cut by approximately $201 million (or 40 percent) from the FY2020 enacted appropriations across five of the six integrated and transdisciplinary research programs.

THE VIEWS AND ESTIMATES

OF THE

REPUBLICAN MEMBERS OF THE COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

U.S. HOUSE OF REPRESENTATIVES

FOR FISCAL YEAR 2021

Science and technology are essential to America's prosperity. Basic research supported by the Federal government is foundational to our economy, our national security, and our way of life. Scientific research allows us to stay at the forefront of cybersecurity, medical treatments, agricultural production, and technological exports. America has long been the global leader in science and technology, but that leadership is under threat. China has made it an explicit goal to surpass the U.S. and become the world leader in critical technologies like quantum information science, artificial intelligence, and advanced manufacturing. It is projected that China has already surpassed the United States in total Research and Development (R&D) investment this year. By investing in our STEM workforce, world-class facilities, and the research needed to develop state-of-the-art technologies, we'll secure our R&D and drive progress.

The Republican members of the Committee on Science, Space, and Technology continue to develop legislation and policies to ensure that the United States remains the world's leader in R&D. In January, twelve Republican members of the Committee introduced H.R. 5685, the Securing American Leadership in Science and Technology Act of 2020. H.R. 5685 authorizes a doubling of basic research funding over the next ten years at the Department of Energy, the National Science Foundation, the National Institute of Standards and Technology, and the National Oceanic and Atmospheric Administration. The legislation also prioritizes investment in American infrastructure that is needed to maintain our world-class research facilities and supports an increase in key programs to grow the American STEM workforce.

H.R. 5685 creates a national science and technology strategy to direct a more strategic, whole-of-government planning process to establish national priorities with better coordination between agencies. It also improves the effectiveness of Federal R&D investments by reforming technology transfer and cutting the red tape that inhibits private sector and government partnerships.

Republican members of the Committee support the President's FY2021 budget request for Industries of the Future, including a commitment to double R&D spending in nondefense artificial intelligence (AI) and quantum information science (QIS) by 2022.

Science Committee Republicans also support reauthorizing other key Federal science agencies and programs, including the National Aeronautics and Space Administration (NASA), science and technology at the Department of Homeland Security, and research and development at the Department of Transportation.

Department of Energy (DOE)

- The minority seeks to prioritize basic research and science as directed in P.L. 115-246, the Department of Energy Research and Innovation Act, which was signed into law in September 2018. Federal funding focused on the commercialization of energy technologies often competes with private sector funding, and rarely provides the best investment of taxpayer dollars. A more appropriate role for the Federal government is sponsoring basic scientific research that cannot be undertaken by industry, often carried out in universities and the DOE national labs.
- As proposed in H.R. 5685, the minority supports robust funding for the DOE Office of Science, prioritizing basic research in the physical sciences, including high performance computing, nuclear physics, high energy physics, fusion energy sciences, and investments in critical user facility upgrades and research infrastructure across the DOE national lab complex. The minority also supports passage of H.R. 4733, the Low-Radiation Research Act of 2019, which authorizes key Office of Science research into the health effects of low-dose radiation, basic research that is critical to the U.S. defense, medical, nuclear, and space exploration industries.
- The minority supports responsible funding for the DOE applied energy research programs, prioritizing early-stage research that cannot be undertaken by industry. This includes investing in user facilities and computing capabilities that facilitate the demonstration of technologies to improve the efficiency, affordability, and reliability of all forms of energy. The minority also supports the funding levels proposed in H.R. 4091, the ARPA-E Reauthorization Act of 2019, which provides key reforms and critical support for DOE's successful ARPA-E program. The ARPA-E program serves as a vital bridge between basic research and applied research at the Department.
- The minority recognizes that nuclear power is a vital, emissions-free energy source and seeks to prioritize advanced nuclear energy R&D in accordance with P.L. 115-248, the Nuclear Energy Innovation Capabilities Act of 2017, which was signed into law in September 2018. This legislation authorizes the construction of the Versatile Neutron Source user facility, and combines the strengths of the DOE national labs, universities, and the private sector with the establishment of the National Reactor Innovation Center. These are critical tools necessary to facilitate private sector development of advanced nuclear reactor technology, and the minority is committed to ensuring full implementation of this legislation.

Environmental Protection Agency (EPA) Science

- EPA funding should be reflective of the Agency's mission of protecting human health and the environment. Office of Research and Development resources should be focused on meeting EPA program and regional office priorities to prevent waste and promote efficiency.
- The minority supports funding for the implementation of EPA's Per- and Polyfluoroalkyl substances (PFAS) Action Plan to coordinate and support national research, identification, and risk communication to address this class of emerging chemicals.

National Science Foundation (NSF)

- The minority seeks to prioritize funding for research and related activities at NSF as proposed in H.R. 5685. NSF supports all fields of fundamental science and engineering, except for the medical sciences, in all 50 states through approximately 2,000 institutions. The minority supports NSF's efforts to promote interdisciplinary research across its research directorates through the "10 Big Ideas," which are high-priority areas that integrate multiple fields of science and engineering and create opportunities to partner with industry, private foundations, other Federal agencies and the education sector. The minority also supports the Administration's request for prioritizing investments at NSF for foundational research and education that will develop the Industries of the Future, including advanced manufacturing, advanced wireless, artificial intelligence, biotechnology, and quantum information science.
- The minority will continue to ensure that research conducted through NSF, and all agencies, is in the national interest. Throughout its history, the NSF has played an integral part in funding breakthrough discoveries in fields as diverse as mathematics, physics, chemistry, computer science, engineering, and biology. A defined "national interest" requirement and criteria, as part of the American Innovation and Competitiveness Act (P.L. 114-329), has gone a long way towards ensuring the grant-making process at NSF is transparent and accountable to the American public.

Science, Technology, Engineering, Mathematics and Computer Science (STEM) Education

- To remain competitive in the evolving global market, the U.S. needs a workforce skilled in STEM. Over the next decade, the STEM shortage is anticipated to reach one million professionals, according to the Bureau of Labor Statistics.
- In 2018 the Administration released its 5-year STEM strategic plan, "Charting a Course for Success: America's Strategy for STEM Education." The three guiding objectives of the plan are to: (1) build strong foundations for STEM Literacy; (2) increase diversity, equity, and inclusion in STEM; and (3) prepare the STEM workforce of the future. The minority supports this strategic plan and the Federal investments necessary to carry out this strategy.

- The minority supports strategic increases in STEM workforce pipeline programs, as proposed in H.R. 5685, including the NSF Graduate Research Fellowship Program, Cybercorps, Noyce Teacher Scholarship Program, and the Advanced Technical Education Program.
- The Federal government invests more than $4.3 billion into 255 different programs with the primary goal of growing the STEM workforce. Despite these investments, the number of students prepared for STEM degrees, pursuing STEM degrees, and staying in STEM careers continues to lag. While the minority believes these investments are of critical importance, it is also important to ensure they are not duplicative. It should be a priority for these agencies to improve the coordination of STEM education and workforce development activities across Federal agencies, including disseminating the latest discoveries on successful methods for teaching, learning, and facilitating equal access.

National Institute of Standards and Technology (NIST)

- The minority seeks to prioritize critical research for Industries of the Future at NIST, as well as standards engagement as proposed in H.R. 5685. NIST's mission is to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology. NIST also engages in international standards development, which has consequences for international trade and for the competitiveness of American industry. China has strategically been working to influence global standards.
- The minority supports prioritizing NIST's core lab capabilities in the Scientific and Technical Research and Services account to support the transformation of basic research into innovations and new technologies that are critical to America's industrial competitiveness, with a focus on emerging technology areas including quantum information science, cybersecurity, artificial intelligence and data science, the internet of things, engineering biology, and materials research.
- The minority also supports funding to address NIST's facility needs at its campuses in Gaithersburg, Maryland and Boulder, Colorado, including addressing $750 million in maintenance backlog. Based on Department of Commerce standards, approximately 60 percent of NIST's facilities are rated in poor to critical condition. The minority has proposed a ten-year funding plan in H.R. 5685, as well as reforms, for addressing these facility needs.

National Aeronautics and Space Administration (NASA)

- With President Trump's enactment of P.L. 115-10, the NASA Transition Authorization Act of 2017, the Committee reignited America's pioneering spirit for exploration of new frontiers and worlds through reinvigoration of our space science program with the entrepreneurial drive of commercial incentives and ideas.

- The minority will push for full implementation of the policy provisions in P.L. 115-10, the National Aeronautics and Space Administration Transition Authorization Act of 2017, as well as for funding to support American astronauts returning to the surface of the Moon by 2024, if technically feasible. The Administration's bold challenge is motivating NASA to focus its efforts on maintaining leadership in space exploration, which the minority fully supports.
- The minority is also cognizant of the counterproductive nature of authorizing funding for NASA that Appropriators are unable to match because of other statutory limitations. Doing so leaves NASA with unfunded obligations, fails to set national priorities, abdicates the responsibilities of an authorizing Committee, and sets NASA up for failure.
- NASA should maintain a balanced portfolio of programs, including Deep Space Exploration, Space Operations, Planetary Science, Astrophysics, Earth Science, Heliophysics, and Aeronautics, while also being conscientious of expending taxpayer funding.
- NASA should ensure that national programs like the Space Launch System, including the Exploration Upper Stage, Orion, and Exploration Ground Systems receive adequate funding to launch Artemis 1, 2, and 3 on schedule.
- NASA should fully fund the commercial cargo and crew programs and support commercial low Earth orbit and lunar activities to achieve NASA's exploration goals.

Department of Commerce

- The Department of Commerce should elevate the Office of Space Commerce to the Office of the Secretary, where it is authorized, to enhance its stature in interagency deliberations, Department cooperation on space issues, and enable efficiencies through consolidation of activities. The Office should be funded at no less than $5 million to expedite licensing of commercial remote sensing activities, as well as additional responsibilities directed in the House-passed American Space Commerce Free Enterprise Act (H.R. 2809, 115th Congress).

Federal Aviation Administration (FAA)

- FAA R&D in FY2021 should reflect a balanced portfolio of activities that appropriately prioritizes aviation safety. FAA R&D should also assist in the certification of new technologies, particularly unmanned aerial systems (UAS), into the national airspace system (NAS).
- FAA's Office of Commercial Space Transportation should be adequately funded to license and permit commercial launch and reentry activities without delay. The Office should focus and prioritize its resources to execute these statutory responsibilities and not undertake additional work beyond those explicitly tasked by Congress.

National Oceanic and Atmospheric Association (NOAA)

- As part of HR 5685, the minority supports doubling the Office of Oceanic and Atmospheric Research's budget for basic research over the course of the next ten years. To that end, the minority supports increasing funding for this office to $655 million.
- The minority supports funding public safety NOAA Weather Research in the Office of Oceanic and Atmospheric Research at the $131.5 million authorized in P.L. 115-25, the Weather Research and Forecasting Innovation Act of 2017, in Function 300. Protecting lives and protecting property must be NOAA's primary mission.
- The minority supports the continued implementation of the Earth Prediction Innovation Center (EPIC), authorized as part of P.L. 115-423, the National Integrated Drought Information System Reauthorization Act of 2018, at $10 million. EPIC is intended to help NOAA reestablish American leadership in numerical weather prediction by partnering with the academic community and private sector to crowdsource data analysis.
- The minority asks that $6 million be provided for the NOAA Commercial Weather Data Pilot project out of existing funding in the NOAA Procurement, Acquisition, and Construction account as authorized in P.L. 115-25.
- Improving weather observation data through the required use of observing system simulation experiments and next generation computing and modeling capabilities consistent with P.L. 115-25 is a priority for the minority. This new law provides NOAA with the flexibility to buy new, affordable, and potentially better sources of data from the private sector that have the power to make real improvements to our weather forecasting capabilities and creates a much-needed new $20 million technology transfer initiative in NOAA's Office of Oceanic and Atmospheric Research.
- The minority supports funding the National Mesonet Program at $25 million for the continued expansion of the program and integration of data into the National Weather Service's weather forecasting models.

Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2021

Pursuant to clause 4(f) of Rule X of the Rules of the House and § 301(d) of the Congressional Budget Act of 1974, the Committee on Small Business is transmitting herein: (1) the views and estimates on the priorities within its jurisdiction or functions to be set forth in the concurrent resolution on the budget.

The Committee on Small Business has legislative jurisdiction over the Small Business Administration (SBA) and this letter accordingly focuses on the Fiscal Year 2021 (FY21) budget request for this agency and the programs it operates under the authorizations contained in the Small Business Act (15 U.S.C. 631 et seq.) and the Small Business Investment Act (15 U.S.C. 661 et seq.).

OVERVIEW

America's 30.7 million small businesses are the engines that drive economic growth, employing 59.9 million Americans and creating 1.8 million new jobs in 2019 alone. Not only do they fuel the economic growth, but they also support local communities and towns through innovation, trade, and business reinvestment. When they are successful, our country is successful.

Since 1953, the U.S. Small Business Administration (SBA) has empowered small business owners by giving them the tools and resources they need to launch and grow their small businesses. The SBA meets its statutory mission through three major components: 1) assisting small businesses obtain capital; 2) helping small businesses navigate the federal procurement marketplace; and 3) offering managerial counseling and assistance. Each component is carried out through Congressionally mandated programs, sometimes in conjunction with private sector partners. The majority of these services are delivered, either by SBA or one of its partner organizations, through SBA's district offices throughout the United States.

On October 11, 2019, SBA's Office of the Inspector General (IG) released a report outlining SBA's most significant management challenges.[1] The report cited ongoing weaknesses in small business contracting programs and inaccurate procurement data; called for additional improvements information technology (IT) to address cybersecurity risks; and found SBA needed to improve its risk management and oversight practices to ensure its loan programs operate effectively. The report also found that SBA must manage the needs of 8(a) program participants more effectively, ensure only eligible firms are admitted, and justify relevant standards. Finally, the IG found that SBA needs robust oversight of its grants management system and must ensure the disaster assistance program balances competing priorities to deliver timely assistance and reduce improper payments. On October 16, 2019, the Committee held an important oversight hearing to understand the underlying causes of the identified challenges and remains committed to working in a bipartisan manner with the agency to ensure the challenges are addressed in FY21.

[1] SBA, OFFICE OF INSPECTOR GENERAL, REPORT ON THE MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION (Oct. 11, 2019).

SBA released its FY18-22 Strategic Plan wherein SBA summarizes the strategies that SBA intends to use to accomplish its four strategic goals.[2] The goals are: (1) increase the number of loans by 5 percent to small businesses in socially and economically disadvantaged urban and rural areas; (2) maximize the percent of federal contracts set aside for small businesses; (3) increase the number of unique 8(a) small business contracts awarded by 10 percent; and (4) increase the average number of disaster loan applications processed from three to six applications per loan specialist.[3] The Committee will continue to closely follow SBA's efforts to accomplish its goals during this period.

The Committee reiterates its ongoing concerns about SBA-created initiatives. Many of these past efforts have not been reviewed, approved, or sanctioned by this Committee and often duplicate longstanding small business outreach efforts funded through SBA's annual funding.

ACCESS TO CAPITAL

When testifying before the Committee, small business owners consistently cite the lack of available capital as a significant problem. SBA administers four major capital financing programs: (1) 7(a) Guaranteed Loan Program; (2) Certified Development Company Loan Program; (3) Small Business Investment Company (SBIC) Program; and (4) Microloan Program. Through the SBA 7(a) and 504/CDC programs, entrepreneurs are provided with greater access to capital through the extension of federal guarantees on long-term loans. The Microloan Program provides loans and technical assistance to traditionally underserved borrowers, including women, minorities, and veterans. Finally, the SBIC Program leverages public and private capital to assist small high-growth firms.

In these programs, SBA does not lend funds directly to small businesses, but through government guarantees, SBA works with private-sector and non-profit partners and intermediaries on the repayment of issuance of credit and equity. The SBA must operate its capital access programs within the Federal Credit Reform Act (FCRA).[4] Under FCRA, the budget records the federal government's estimated long-term cost (its subsidy cost) in the year the direct loan or loan guarantee is made. Agencies generally update these subsidy costs annually to reflect loan performance. To the extent that the President's budget states the need for appropriations to cover the cost of loan programs, the Committee believes that the budget resolution should provide sufficient funds to do so.

SBA 7(a) Program

SBA's flagship lending program, the 7(a) Loan Guaranty Program (7(a) program), provides small businesses with comprehensive financial assistance including working capital, fixed, and intangible asset financing, as well as refinance and export support through term and revolving loans. The original mission of the 7(a) program was to provide entrepreneurs who could not access

[2] SBA, STRATEGIC PLAN FOR FY2018-2022, *available at* https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2018-2022_Strategic_Plan.pdf.

[3] *Id.* SBA stated that the goals were developed through the Administrator and in consultation with the Office of Management and Budget and SBA's committees in Congress. *Id.*

[4] 2 U.S.C. §661-661f.

traditional capital markets with an affordable source of loans. During FY19, the 7(a) program supported a substantial volume of lending nationally, equaling $23.2 billion across 51,907 loans. The Committee recommends the FY21 authorization level for the 7(a) program be set at a robust level to account for the natural growth in the program, but no less than $30 billion, as was enacted for FY20.

The SBA requests authorization to make $30 billion in loans and projects a positive subsidy of 5 basis points for the 7(a) program, meaning the program will be forced to shut down if Congress does not either provide funding in the amount of $15 million to cover the subsidy or raise fees in the program to offset the cost. To that end, the agency is requesting authority to institute a new administrative fee of $0.16 per every hundred dollars approved to enable it to offset over $80 million in administrative costs. The agency is also proposing modifications to the 7(a) program fees to maintain a zero subsidy. The Committee remains strongly concerned about the subsidy rate calculations and the modification of borrower fees. In order to avoid raising existing fees on small business borrowers in the 7(a) program, or creating new ones altogether, the Committee supports funding of $15 million to support $30 billion in 7(a) lending in FY21.

Access to Capital in Underserved Markets

SBA 7(a) lending in underserved communities, including to minority- and women-owned businesses must be improved. In FY19, 27 percent of 7(a) loans went to minority-owned firms and only 18 percent to women-owned firms.[5] While the percentage of loans going to such firms has remained fairly consistent since 2010, it remains lower than before or during the recession (2006-2009). Women-owned businesses accounted for about 40 percent of 7(a) lending activity but the average loan size was roughly 30 percent *less* than SBA loans going to businesses owned by men. The Committee recommends SBA improve outreach to borrowers and lenders in underserved communities with funding made available to the agency to boost access to capital for these firms.

Microloan Program

The SBA Microloan Program provides loans to intermediaries, which are nonprofit community-based organizations with experience in lending as well as management and technical assistance. The intermediaries in turn help the smallest of small businesses and startups access capital to help new businesses get off the ground. The program plays a critical role in the small business economy, providing credit to those unable to secure traditional bank-based financing. In FY19, SBA approved loans to intermediaries totaling over $42.2 million. Microloan intermediaries, in turn, approved 5,532 loans totaling more than $81.5 million, an SBA record.

The SBA requests an appropriation of $4 million to cover lending to intermediaries of $41 million which represents a reduction of $1 million from the FY20 enacted subsidy amount. Due to the success of the program in traditionally underserved communities, the Committee recommends robust funding be made available to operate the program at or above a program level of $45 million. It should be noted that this program level can be accomplished with less funding than years past due to a steady decline in the subsidy rate since FY14 when it was nearly double today's rate.

[5] A woman-owned firm is defined as a one that is more than 50 percent female-owned.

Additionally, the technical assistance provided under the Microloan Program helps microentrepreneurs succeed. The agency requests only $26.38 million for technical assistance grants – a decrease of $8.5 million from the FY20 enacted amount. Therefore, the Committee believes it is inappropriate to reduce the technical grants assistance and recommends at least $35 million in grant funding be provided for technical assistance to meet the demand associated with proposed lending activity.

504/CDC loan Program

The 504/CDC Program provides permanent, fixed rate financing for businesses to acquire industrial or commercial buildings or heavy equipment and machinery. The program is delivered by local Certified Development Companies (CDCs) working in partnership with private lenders and the SBA. During FY19, the program approved 6,099 504 loans for just under $5 billion. Since FY16, the 504/CDC program operated at zero subsidy and the agency reports it will not require a subsidy appropriation in FY21. However, similar to the 7(a) program, the SBA is requesting authority to charge program participants a new administration fee to offset appropriated funds to run the program. The Committee strongly opposes creating a new fee which would increase the cost of capital for small businesses.

Small Business Investment Company Program

The Small Business Investment Company (SBIC) Program is an investment program that increases access to capital for high-growth start-up businesses. Specifically, with a $4 billion authorization per year, the SBIC program provides long-term loans and equity capital to small businesses with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. SBA provides funding to qualified investment management firms with expertise in certain industries. In FY19, SBICs provided $5.9 billion in financing to 1,191 small businesses. However, only 5 percent of those companies were women-, minority-, or veteran-owned. Therefore, the Committee recommends SBA prioritize expanding outreach to increase minority- and women-led funds, and to increase the number of women-, minority-, and veteran-owned businesses that benefit from the program.

Disaster Assistance Program

SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. In FY19, SBA processed 95,626 loan applications, approving 42,375 for a total of $2.2 billion. In light of the critical need for funding to help homeowners and small businesses following devastating natural disasters, the Committee supports appropriating amounts necessary to support the SBA's disaster loan-making functions.

Furthermore, in the event the government is operating under a future short-term continuing resolution, SBA may require additional appropriations to make such loans in the form of a funding anomaly. In the absence of securing an anomaly, SBA may exhaust its disaster subsidy, which has not occurred since 1988. The continued ability of SBA to make disaster loans available to victims in disaster areas is of utmost importance to the Committee. Therefore, the Committee recommends sustained coordination between the Committee, appropriators, and the agency during FY20 and FY21 if necessary to ensure adequate disaster funding is in place, particularly during continuing resolutions.

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Each year, more than one million entrepreneurs come through SBA's resource partner network of Small Business Development Centers (SBDCs), Women's Business Centers (WBC), SCORE chapters, and Veterans Business Outreach Centers (VBOCs). They provide free and low-cost counseling services and training to entrepreneurs for every stage of business growth and development. Research has shown a direct correlation between counseling and the profitability, longevity and growth of small businesses. Providing sufficient levels of funding for counseling and training programs to support small businesses is a prudent use of taxpayer dollars. These providers deliver vital services to small businesses and, as more entrepreneurs seek their counseling, SBA should ensure that these partners, specifically those highlighted below, are provided robust levels of funding to serve small businesses.

In the past, the SBA has funded unproven pilot programs that lack a specific authorization at the expense of proven core programs. Concerns that have been raised repeatedly include a lack of demonstrated need and the absence of robust controls. The agency should continue to focus its efforts on strengthening its existing network of entrepreneurial development service providers, rather than continuing to establish and operate untested and unproven initiatives. The Committee will continue to work with SBA to ensure priority is given to Congressionally mandated initiatives.

Small Business Development Centers

SBA provides grants to SBDCs to leverage a unique mix of federal, state, and private sector financial resources. This funding model enables SBDCs across the country to foster the economic growth of small businesses that generates business revenue, creates and retains jobs, and enhances local and regional economies. SBDCs deliver management and technical assistance to small businesses through an extensive business education network comprised of 62 lead centers managing more than 900 outreach locations throughout the country. SBDCs deliver professional business advice and training focused on strategic planning, business development, financial planning, and cash flow management to hundreds of thousands of business clients annually. In FY19, SBDC professional business advisors helped clients start more than 18,000 new businesses; provided training and advising to more than 250,000 entrepreneurs; and helped clients obtain $5.9 billion in capital for their businesses.

The FY21 budget requests $87.8 million, which is a decrease of over $47 million from the enacted FY20 amount of $135 million. The Committee believes this request underestimates the value and services performed by SBDCs. To improve the quality and quantity of services provided by the primary source of entrepreneurial development assistance at the SBA, the Committee requests at least $175 million in funding in the FY21 budget for the SBDC program. This will enable SBDCs to meet the rising and urgent demands for business development assistance from entrepreneurs throughout the country, as well as the growing areas of assistance. The Committee approved H.R. 4406, the Small Business Development Center Improvement Act of 2019, which would modernize and strengthen the SBDC program for FY20-FY23 at $175 million for each fiscal year. The legislation was approved by the House of Representatives on October 21, 2019.

Women's Business Centers

The SBA provides grants to more than 100 non-profit organizations that provide quality advising and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. The entrepreneurial development program is a competitive grant program, where WBCs compete for federal funding. SBA provides grants to eligible private, non-profit, and community-based organizations to operate WBCs. Participating organizations must match the federal funding with one non-federal dollar for every two federal dollars during the first two years and on a one-to-one basis thereafter. Unlike any other SBA entrepreneurial program, WBCs are also required to serve disadvantaged communities in underserved areas. In FY19, the WBC program advised and trained more than 64,000 entrepreneurs and helped start over 2,000 small businesses. For FY20, the SBA received $22.5 million for WBCs. Last year WBC opened 2 new centers in Idaho to increase services in the region.

The SBA requests $17.4 million for WBCs. This request represents a reduction of $5.1 million from the enacted FY20 amount of $22.5 million. To ensure that women entrepreneurs across the country have access to the vital counseling and technical training services to take them from startup to success, the Committee recommends at least $31.5 million in funding in the FY21 budget for the WBC program. The Committee approved H.R. 4405, the Women's Business Centers Improvement Act of 2019, which would strengthen the WBC program for FY20-FY23 at $31.5 million for each fiscal year. The legislation was approved by the House of Representatives on October 21, 2019.

SCORE

SCORE provides face-to-face counseling at over 260 chapters with more than 11,000 SCORE volunteers. SCORE volunteers provide a full range of business consultation services, such as business plan development; strategic marketing; and financing ideas. SBA's SCORE database enables small businesses to find SCORE volunteers that best match the needs of their business.

The agency requested a FY21 budget of $8 million for SCORE. The Committee disagrees with this request and believes level funding of $11.7 million for the SCORE program should be enacted. The Committee approved H.R. 4407, the SCORE for Small Business Act of 2019, which would strengthen and restore integrity, accounting, and performance to the program for FY20-FY22 at $11.7 million for each fiscal year. The legislation was approved by the House of Representatives on October 21, 2019.

Veteran's Business Outreach Centers

To meet the growing number of separating service members and reservists seeking new economic opportunities, the VBOC program provides entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. This program is the only program operated for veterans that is statutorily authorized. It is designed to assist the thousands of veterans returning home with skills, experience, and leadership to pursue entrepreneurship and create jobs. There are currently 22 VBOCs responsible for ensuring veterans' access to capital through marketing and outreach efforts as well as promoting veterans for federal procurement opportunities to ensure three percent of federal prime contracts and subcontracts go to service-disabled veteran-owned small businesses. The VBOC program is critical to addressing the high unemployment rate among veterans, service members, and reservists. VBOCs serve nearly 49,000 veteran small business owners each year.

Like the SBDCs and WBCs, the SBA requests a reduction in funding for VBOCs. The agency requests $12.84 million, which is a decrease of over $1.1 million for the program. The Committee requests robust funding for the Veterans Outreach program, which includes the Boots to Business program. The Committee approved H.R. 3537, the Veteran Entrepreneurship Training Act of 2019, which would codify for five years the Boots to Business program to help transitioning servicemembers launch and grow small businesses. The legislation was approved by the House of Representatives on November 12, 2019.

Growth Accelerator Fund Competition

The SBA funds the Growth Accelerator Fund Competition (GAFC) for the nation's most innovative and promising small business accelerators and incubators. The GAFC not only spurs economic development and creates jobs, it fills geographic gaps by supporting the development of accelerators and their startups in regions of the country where there are fewer sources of capital. In FY19, the GAFC made awards to 60 entities to help SBIR/STTR-focused businesses scale.

The SBA is not requesting funding for the GAFC for FY21 due to duplication of resources. However, the Committee disagrees with this assessment and requests $2 million in funding for the GAFC to continue its commitment of investment in the next generation of American entrepreneurs, promote innovation, and increase jobs. The Committee approved H.R. 4387, the Growth Accelerator Fund Competition within the Small Business Administration, to carry out the GAFC for 4 years at $2 million in funds annually. The legislation was approved by the House of Representatives on October 21, 2019.

Native American Outreach Program

The SBA aids Native American communities in starting, growing, and expanding their small businesses through the Native American Outreach Program. The Native American Outreach Program is critical to traditionally underserved often geographically isolated American Indian, Alaska Natives, and Native Hawaiian communities. In FY19, the program assisted 2,125 businesses in Native American Communities and conducted 35 Native American entrepreneurial empowerment and technical assistance workshops.

The SBA is requesting $1.5 million for Native American Outreach in FY21. The Committee remains committed to supporting Native American owned small businesses and supports robust funding to expand the programs' outreach capabilities.

Prison to Proprietorship

Every year, thousands of formerly incarcerated individuals return to their communities seeking to rebuild their lives. Studies have shown that recidivism rates tend to be higher for those individuals who lack employment. Of the 262,000 offenders that were released from federal prison between 2002 and 2006, 50 percent of those who could not secure employment committed a new crime or were sent back to prison. However, 93 percent of those who were able to secure employment were able to reintegrate back into society and not return to prison.[6]

The Committee approved H.R. 5078, the Prison to Proprietorship Act, which would establish entrepreneurship counseling and training services to the incarcerated through SBDCs and WBCs. The Committee also approved H.R. 5065, the Prison to Proprietorship for the Formerly Incarcerated Act, which would provide entrepreneurship counseling and training services to the formerly incarcerated through SCORE. H.R. 5065 and H.R. 5078 were approved by the House of Representatives in January 2020. As such, the Committee reiterates it support for funding the SBDC, WBC, and SCORE programs at $175 million, $31.5 million, and $11.7 million, respectively.

Historically Black Colleges and Universities

The White House Initiative on Historically Black Colleges and Universities (HBCUs) requires certain agencies, with one being the Small Business Administration (SBA), to develop annual plans to strengthen HBCUs. The Office of Entrepreneurial Development (OED), which helps small businesses through management and technical assistance, is responsible for fulfilling the objectives of the SBA's 2018 annual plan. At the Committee's April 2019 hearing on HBCUs, the OED Associate Administrator promised to strengthen HBCU outreach by creating an interagency working group to improve accountability, improve data collection, and expand the SBIR tour to include HBCUs.

This February, the Committee sent a bi-partisan letter to SBA to determine how OED is fulfilling their HBCU outreach objectives. The Committee remains committed to ensuring HBCUs receive the management and training resources they need to inspire entrepreneurship and strengthen small businesses in their communities. The Committee requests robust levels of funding to SBA's resource partners to ensure the expansion of SBA's outreach to HBCUs.

GOVERNMENT CONTRACTING PROGRAMS

The primary purpose of the SBA's Government Contracting and Business Development programs is to assist small businesses increase their access to the federal marketplace. Through federal contracts, small businesses can increase their capabilities and capacity, thereby improving their competitiveness. To assist small businesses that want to contract with the federal government, Congress created several programs designed to increase their contracting opportunities. However,

[6] U. S. DEP'T OF JUST., PROJECT H.O.P.E RE-ENTRY INITIATIVE at https://www.justice.gov/usao-sdal/programs/ex-offender-re-entry-initiative.

the creation of these programs has not necessarily expanded the number of contracts awarded to small businesses each year. Generally, agencies are awarding fewer contracts worth higher values. While some agencies and the government have been able to meet their statutory small business goals, the overall participation of small firms in federal contracting programs has declined. This trend, coupled with a system that has become complex and has countless management problems, continues to raise concerns as to whether the SBA is effectively and efficiently advocating for small businesses in the marketplace.

Procurement Staffing Levels

Currently, there are less than fifty-five Procurement Center Representatives (PCRs) responsible for overseeing over $550 billion in federal contracting. However, the shortage of personnel is not limited to PCRs. To date, there is a limited number of Commercial Market Representatives assisting small businesses with subcontracting opportunities. The lack of resources available to review contracting actions has prevented small businesses from receiving the maximum practicable opportunities available to them and as a result fewer of these firms have been able to participate in the marketplace. Therefore, the Committee recommends funding be made available to increase the overall number of small business advocates.

Small Business Set-Aside Programs

Government contracts can be set-aside for classes of small businesses, such as socially and economically disadvantaged firms, whose members might not otherwise be considered for award in full and open competition. There are government-wide statutory contracting goals for small businesses as well as sub-goals for small business categories.[7] SBA has several set-aside programs including the 8(a) Business Development, Historically Underutilized Business Zone (HUBZone), Service-Disabled Veteran-Owned, and the Women-Owned Small Business (WOSB) programs designed to promote small business participation in federal contracting. Traditionally, SBA has not broken out the funds for these programs in its budget; instead, the funds are subsumed in SBA's general salaries and expenses accounts. Given that the SBA IG has identified small business contracting as a serious management challenge since FY05, SBA should have adequate resources to improve these programs.

8(a) Business Development Program and 7(j) Technical Assistance Program

The 8(a) program was created to provide business development assistance to eligible small disadvantaged businesses seeking to participate in federal contracting. A major benefit of the program is that 8(a) certified firms can receive sole-source contracts (contracts awarded without competition), as well as set-aside contracts (in which competition is restricted to a limited pool of contractors) so that small businesses do not need to compete with large businesses that may have an industry advantage. In addition to receiving contracts, 8(a) certified firms are eligible for

[7] The federal government has the following statutory goals for small business procurement: 23 percent of prime contracts for small businesses; 5 percent of prime and subcontracts for women-owned small businesses; 5 percent of prime and subcontracts for small disadvantaged businesses; 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses; and 3 percent of prime and subcontracts for HUBZone-certified small businesses. These goals are tracked based on the dollar amount of contracts awarded. A business may qualify for more than one socioeconomic category.

management and technical assistance training through SBA's 7(j) program. Other businesses eligible for the 7(j) program include small disadvantaged businesses not participating in the 8(a) program, businesses operating in areas of high unemployment or low income and small businesses owned by low income individuals.

According to SBA's IG, the number of participants in the 8(a) program has continually declined from about 7,000 in 2010 to about 4,600 as of August 2016.[8] While SBA engaged in efforts to increase participation, the amount of 8(a) participants continues to decrease, with a total of 4,450 firms as of August 2019.[9] According to SBA, the number of businesses that have sought assistance through the 7(j) program, which supports 8(a) firms and other small businesses, has almost doubled since FY17. Specifically, in FY19, 8,023 participants were assisted in the 7(j) program, compared to 4,100 participants in FY17. Despite a significant increase in the number of small businesses seeking assistance, the FY21 budget request reduces funding by 82% from FY19 enacted levels. Thus, the 7(j) program will not have the adequate resources to support the number of businesses seeking assistance.

The Committee requests any funding increase within the 8(a) program to be spent to help reverse the declining trend of participants by providing outreach to those businesses that may be eligible for the program, implementing controls to ensure only eligible firms are admitted, and developing a system to identify and address business development needs and monitor progress within the program. SBA must also begin to plan for higher numbers of firms to ensure the current level of service continues. Moreover, the Committee requests a funding increase for the 7(j)program commensurate to the number of participants it assists in order to ensure adequate and improved service.

HUBZone Program

The HUBZone program aids urban and rural small businesses that are located in designated distressed areas in accessing federal procurement opportunities. There have been many reports detailing fraud and abuse in the program. For example, in 2019, SBA's IG found that program officials did not detect fraud indicators and certified two firms that did not meet the principal office requirement.[10] Moreover, a third firm was certified without meeting the employee-residency requirement.[11] While the administration has made efforts to combat fraud, doubts still remain as to whether enough has been done to ensure that only eligible firms receive contracting dollars from this program.

In addition, SBA has yet to provide metrics that would show whether or not the program is meeting its mission of promoting economic development in designated HUBZones. Although the HUBZone program continues to recruit new small businesses, it has not met its target contracting goal, with only 2.05 percent of contracts awarded to HUBZones in FY18, and worth $9.9 billion. While there have been long-standing challenges in implementing this program, the SBA is working

[8] SMALL BUS. ADMIN. OFF. OF INSPECTOR GEN., REPORT 20-01, REPORT ON THE MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FISCAL YEAR 2020 (OCT. 2019).
[9] *Id.*
[10] SMALL BUS. ADMIN. OFF. OF INSPECTOR GEN., REPORT 19-08, SBA'S HUBZONE CERTIFICATION PROCESS (MARCH 2019).
[11] *Id.*

to modernize the HUBZone program certification system. The Committee recommends SBA dedicate funding and resources to this program to ensure its proper performance.

Women-Owned Small Business Contracting Program

An issue of great importance to women-owned businesses is their lack of access to federal contracting. After taking more than ten years to implement the Women-Owned Small Business (WOSB) Federal Contracting program, SBA continues to devote few resources to the program. As a result, the statutory 5 percent contracting goal has not been met since FY15, with 4.75 percent of contracts awarded to WOSBs in FY18. Congress has made several changes over the past several years to the program including: the removal of caps on award size for set-aside contracts; allowing contracting officers to award contracts through a sole-source contract; the removal of self-certification to participate in the program; and reiterating the original mandate that SBA create its own certification process.

While SBA has implemented the cap removal and sole-source changes, they have been slow to remove self-certification from the program and implement their own certification process. Moreover, the IG and GAO have both reported weaknesses in SBA's controls that would ensure only eligible firms receive the woman-owned small business set-aside. Thus, the Committee supports SBA's funding increase request to increase the overall level of funding in the Salaries and Expenses account to $287.9 million, which would allow for 5 full-time employees and necessary improvements, including the software updates needed in certify.SBA.gov, to implement the WOSB certification process.

Service-Disabled Veteran-Owned Small Business Program

The Service-Disabled Veteran-Owned Small Business (SDVOSB) Program provides procuring agencies with the authority to set aside contracts for exclusive competition among eligible participants as well as the authority to make sole source awards. Although the goals for SDVOSB contracting have been met in recent years, the program faces many challenges that the Committee recommends SBA address, including the susceptibilities of its self-certification process. Moreover, there are other initiatives within the program that require attention, such as coordinating the potential transfer of VA's formal certification for SDVOSBs and veteran-owned small businesses (VOSBs) to SBA.

OTHER PROGRAMS

Office of Field Operations

The Small Business Administration assists small businesses through business loans, loan guarantees, counseling, and contracting preferences. To deliver these programs and services throughout the country, SBA relies largely on a network of 68 district offices located across the United States and its territories, with at least one district office based in every state. The Committee recently held a management review hearing on the Office of Field Operations and learned the aggregate number of Full Time Equivalents (FTE) employees in district and regional offices decreased from 813 in FY14 to 687 in FY19. To ensure the agency meets its mission to serve small businesses throughout the nation and deliver high quality services to the small business community, the Committee recommends that SBA dedicate funding to the Office of Field Operations to ensure adequate staffing levels.

Technology

Significant progress has been made over the years in developing reliable, secure, and high performing technology at SBA. As a result, its Federal Information Technology and Acquisition Reform Act (FITARA) score increased from a D+ in May 2018 to a B+ in December 2019. The improvements the Office of the Chief Information Officer (OCIO) are making are not only vital to the success of the agency and its programs but will also provide for a better user experience for the agency's small business clients. With that said, in its annual management report, the (IG) acknowledged that improvements were being made in SBA's deployment of IT controls and in several security areas, but it also reported that significant deficiencies remain. According the OIG's report on the Most Serious Management and Performance Challenges, SBA has spent $30 million on Certify.SBA.gov since 2017, but only limited functionalities for the 8(a) program have been implemented. To that end, the Committee supports robust levels of funding in the Salaries and Expenses account to ensure SBA continues to make progress in addressing the long-standing technological and cybersecurity weaknesses at the agency, particularly Certify.SBA.gov.

Office of Rural Affairs

For decades, rural communities have been the backbone of the American economy. But many rural businesses face challenges that can put them at a competitive economic disadvantage, and they often struggle to utilize traditional small business support systems. Recognizing this, Congress directed the SBA to establish an Office of Rural Affairs as part of the Small Business Reauthorization and Amendments Act of 1990 (P.L. 101-574), yet by 1995 this office was no longer being staffed at SBA. In 2019, the SBA named a National Director for the Office of Rural Affairs to assist in connecting rural communities and entrepreneurs with SBA's resources. The Committee requests adequate levels of funding in the FY21 budget to ensure that the Office of Rural Affairs can support rural small businesses and entrepreneurs in attaining equitable access to the wide range of capital and entrepreneurial development programs supported by the SBA.

CONCLUSION

The Committee has provided priorities for how the SBA should operate in FY21. The agency should be provided with the resources necessary to administer and oversee its core lending, entrepreneurial development, and contracting programs. The SBA should focus its efforts on programs that increase outreach and access to capital and contracting opportunities for traditionally underserved communities, including minority- and women-owned businesses. With the assistance of these tools, small firms will grow financially stronger and continue to create new and sustainable jobs in diverse industries and locations. The Committee will continue to work with the SBA and appropriators to ensure small businesses and burgeoning entrepreneurs can compete in a global economy.

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2021

Overview:

Under current law and House rules, standing committees are required to submit to the Committee on the Budget views and estimates. In accordance with clause 4(f)(1) of House Rule X, views and estimates must be submitted within six weeks after the submission of the budget by the President. The President submitted his Fiscal Year (FY) 2021 Budget request to Congress on February 10, 2020. As such, we submit the views and estimates of the Committee on Transportation and Infrastructure (Committee).

The Committee believes that modernizing America's infrastructure network is essential to the quality of life of our citizens and the productivity of the U.S. economy. Through direct Federal investment, we can transform our existing infrastructure in order to create jobs, including family-wage jobs, spur economic growth, boost resiliency, and ensure U.S. industries are supported and remain globally competitive in the world. During the second session of the 116th Congress, the Committee will continue to focus on improving and strengthening our Nation's infrastructure and communities to meet the challenges of today and tomorrow.

This year the Committee will focus on reauthorizing numerous key programs and will continue to perform oversight on programs within our jurisdiction. The Committee's bipartisan legislative priorities include: an infrastructure investment bill; a long-term surface transportation bill, including Amtrak and rail programs; a Water Resources Development Act (WRDA) bill; measures to improve economic development programs; reauthorizing the United States Coast Guard, the Federal Maritime Commission (FMC), the Federal Emergency Management Agency (FEMA), the Pipeline and Hazardous Materials Safety Administration's pipeline safety and hazardous materials safety programs, and the Clean Water State Revolving Fund.

Transportation and the Economy:

America's transportation networks are critical for job creation, including family-wage jobs, economic growth, and our global competitiveness. Providing the country with this support has long been recognized as a Federal responsibility that is shared with states and local governments. From the Transcontinental Railroad to the Panama Canal to the Interstate Highway System and more, Congress has played a critical role in ensuring the connectedness of our communities and supporting the infrastructure needs of the American people. Throughout U.S. history, economic growth, prosperity, and opportunity have followed investments in our infrastructure.

Today, the U.S. transportation system is an extensive network of highways, airports, railroads, public transportation systems, waterways, ports, and pipelines that provides a means for Americans to travel to and from work and to conduct business. The U.S. transportation system not only provides the foundation of our economy by safely and efficiently moving people and goods, it also employs millions of workers and generates a significant share of total economic output. Economic growth and vitality are also dependent upon high quality water and wastewater infrastructure systems and upon resilient infrastructure designed to protect lives and properties from more frequent and consequential storms and flooding.

In addition to creating family-wage jobs and facilitating economic growth, our transportation system has a direct and significant impact on the daily lives of nearly all Americans. To the average American, investment in transportation infrastructure will mean cleaner water; shorter commutes that save time, reduced fuel consumption, and lower pollution; lives saved; safer systems to accommodate the transportation of hazardous materials; and fewer delays for the more than 800 million passengers who travel by air each year.

Policies to address the increasing demands on our infrastructure and to provide for a transformative infrastructure network must be guided by strong principles that will create and sustain jobs and promote economic growth, such as:

- Making smart investments, consistent with the fundamental Federal role, to bring our existing infrastructure to a state of good repair and ensure modern, safe, and resilient transportation infrastructure;
- Recognizing, promoting, and developing integrated transportation systems;
- Preserving affordable access to transportation and water systems;
- Encouraging technological solutions and promoting innovation;
- Providing flexibility to states and local governments; and
- Reducing carbon pollution from the transportation sector.

Federal Surface Transportation Programs:

The *Fixing America's Surface Transportation Act* (FAST Act) (P.L. 114-94), which authorized funding to improve U.S. surface transportation infrastructure, including our roads, bridges, public transit, and rail systems, is set to expire on September 30, 2020, making reauthorization of Federal surface transportation programs a major priority for the Committee this year. Over the past year the Committee has engaged in significant outreach to public and private sector stakeholders and Members of Congress, both on and off the Committee, to gather input on key policy priorities for the next bill. Specifically, we have held 20 hearings and roundtables, received policy submissions from stakeholders and Members of Congress, and held structured bipartisan meetings with stakeholder groups.

The Committee will utilize what it has learned and continue to gather input as it crafts a new surface reauthorization bill that provides sustained investment to address our massive infrastructure needs.

- According to the American Society of Civil Engineers' 2017 Infrastructure Report Card, America's roads receive a D rating, and bridges receive a C+ rating, both unchanged since 2013, and our Nation's transit gets a D-, which is a downgrade from its previous D rating.

- According to the U.S. Department of Transportation's "Conditions & Performance Report," there is a $786 billion backlog of unmet capital investment needs for highways and bridges.

- One in three interstate bridges have identified repair needs, and over 47,000 of the Nation's bridges are structurally deficient, according to American Road & Transportation Builders Association.

- The average commuter spends 54 hours in traffic a week and incurs over $1,000 in extra costs due to wasted time and fuel.

- The cost of bringing the Nation's rail transit and bus systems into a state of good repair is estimated at $98 billion, according to the U.S. Department of Transportation.

- The National Highway Traffic Safety Administration reports that 36,560 people died in traffic crashes in 2018.

The last two surface transportation reauthorization bills – the *Moving Ahead for Progress in the 21st Century Act* (P.L. 112-141) in 2012 and the FAST Act in 2015 – generally maintained the amount of Federal investment in our roads, bridges, and public transit systems. The Committee intends to develop a long-term, bipartisan bill that provides a significant increase in investment to meet the documented needs of the Nation's surface transportation network in a way that creates jobs, including family-wage jobs in the U.S., reduces emissions, bottlenecks, and congestion, and strengthens the condition, performance, and safety of our transportation facilities.

The Committee also looks forward to continuing to work with other Committees of jurisdiction to address the challenges facing the Highway Trust Fund to ensure that there is a sustainable revenue stream in place to support enacting a long-term surface transportation reauthorization bill.

Federal Aviation Administration:

On October 5, 2018, the President signed the *FAA Reauthorization Act of 2018* (P.L. 115-254). The law extends the agency's authorities through fiscal year 2023. The Committee will continue to pursue oversight of the U.S. Department of Transportation and Federal Aviation Administration's (FAA) implementation of this law, including provisions that address key safety and airline consumer protection issues, advance modernization of the National Airspace System (NAS), improve the FAA's programs and processes, and promote further safe and efficient integration of unmanned aircraft systems (UAS) and commercial space transportation. Another agenda item for the Committee will be to advance an infrastructure bill that increases investment in airports of all sizes, throughout the country, to meet growing demands and projected passenger growth.

In addition, the Committee will pursue efforts to increase investment in and incentivize modernization projects that enhance airport and airspace capacity, reduce aircraft noise and the overall carbon footprint of U.S. aviation, and advance the integration of small and large UAS and other new aircraft into the NAS.

The FAA's FY21 budget request boosts in funding for aviation safety and FAA oversight. The Committee supports this step. In March 2019, the Committee launched an investigation into the design, certification, and production of the Boeing 737 MAX aircraft following two accidents involving the aircraft—Lion Air flight 610 on October 29, 2018, and Ethiopian Airlines flight 302 on March 10, 2019—that resulted in the death of 346 people, including eight U.S. citizens. The Committee has held five 737 MAX related hearings, the Chairmen have written more than one dozen oversight related letters to Boeing and the FAA among others, received nearly 600,000 pages of responsive records, and has conducted multiple interviews with Boeing employees, FAA officials, and others, including a Transcribed Interview with the FAA's current Associate Administrator for Aviation Safety.

The Committee has also spoken with dozens of aviation, systems engineering and software experts, as well as many whistleblowers about the 737 MAX, some who have provided the Committee with important records about the 737 MAX program and FAA's oversight of Boeing. The Committee will continue its oversight of the FAA's aircraft certification process, including the agency's organization designation authorization program, and investigation into issues surrounding the Boeing 737 MAX to identify technical issues that may have affected the aircraft's safety, possible lapses in FAA or Boeing oversight, and other issues that may have contributed to the two accidents. The Committee's investigation is expected to produce findings or recommendations and will inform the development of proposed legislation that seeks to resolve problems identified during the investigation.

Coast Guard and Federal Maritime Commission Authorization Acts:

Last year, the Committee reported, and the House passed, legislation to reauthorize the United States Coast Guard (Coast Guard or Service), one of the Nation's five armed services, for fiscal years 2020 and 2021, as well as the Federal Maritime Commission (FMC). The Committee continues to work to get this bill signed into law. Additionally, the Committee remains committed to advancing new economic opportunities to revitalize the U.S. maritime and shipbuilding industries. In this respect, the Committee will remain vigilant in its oversight of the Jones Act and will promote ideas to grow and diversify the U.S. coastwise trades.

The global maritime environment is diverse and complex, generating both tremendous opportunities for the U.S. economy and challenges to national security and sovereign U.S. interests in the maritime sphere, especially in the Indo-Pacific region. It remains vital that Congress provide the Coast Guard with the resources, vessels, and information and communication technologies it needs to ensure that the Service can successfully conduct its critical missions of maritime border protection, migrant and drug interdiction, search and rescue, marine safety, oil spill and emergency response, and fisheries and other maritime law enforcement.

In addition, the Arctic is fast becoming a new maritime border and geopolitical concern for the United States. Yet the icebreaking capabilities of the U.S. remain severely limited and in need of recapitalization to meet Coast Guard mission needs in both the Arctic and Antarctic. Moreover, the Committee remains concerned that the Federal government is underestimating the rate of change in the polar regions. Assuming that rates of change will continue to accelerate beyond projected levels, the Committee will assess unmet infrastructure needs in the Arctic, examine strategies to fill gaps in capabilities, and assess international partnerships and agreements.

Our maritime border capabilities also must be fortified for the future, which will require greater investment in Coast Guard air, surface, and unmanned assets to support offshore operations. The Committee will remain focused on its oversight to ensure that critical acquisition programs, such as the Offshore Patrol Cutter, are conducted in a manner that is both transparent and accountable. Moreover, the Committee is concerned with the Coast Guard's diminished marine safety and prevention competence and will examine options to strengthen Coast Guard capability for this important mission.

The Committee will also conduct oversight of the FMC's implementation of amendments made to the Shipping Act within Title VII of P.L. 115-282 to ensure fair and competitive marine transportation serving the U.S. foreign trades.

The Committee further recognizes that the adoption of stringent emission standards by the International Maritime Organization for oceangoing commercial vessels has spawned rapid interest in the development of a carbon-free global maritime transportation fleet. The Committee will examine the status of research and development in alternative fuels, hydrogen cells, battery technologies and electrification, and innovative vessel designs to determine policy options to support the transition of this critical segment in the global supply chain that feeds the world's economy.

Corps of Engineers Civil Works Program:

The Committee intends to keep the Water Resources Development Act (WRDA) on a two-year cycle and has begun work on a 2020 WRDA bill to address the needs of ports, inland waterways, flood damage reduction, environmental restoration, and other civil works programs and activities of the U.S. Army Corps of Engineers (Corps).

Legislation authorizing activities under the Corps' Civil Works program has been authorized by Congress since the 1800s. Later WRDA legislation established the Inland Waterways Trust Fund (IWTF) and the Harbor Maintenance Trust Fund (HMTF) to help pay for the modernization of locks and dams on America's inland waterways system and maintenance of waterways and ports, respectively.

IWTF revenues are derived from a 29-cent per-gallon user fee on diesel fuel used by commercial vessels engaged in inland waterways transportation, plus investment income. The IWTF pays for one-half of the costs associated with the construction, replacement, expansion, and major rehabilitation of federal inland waterways projects, with the other half coming from the Treasury's general fund. Prior to the enactment of a nine-cent diesel fuel increase in 2014 (which brought the tax to the current 29 cents per gallon) the Corps was spending the funds at the same rate that it was collected, and that was insufficient to maintain an efficient construction schedule for existing projects or to begin any significant new investments. In FY 2021, the Congressional Budget Office estimates that the IWTF will collect approximately $117 million in tax revenues and interest.

The inland waterways infrastructure system is old and in need of repair, replacement, and rehabilitation. Of the 239 lock chambers currently in operation, 139 are more than 50 years old. Investment in the replacement and rehabilitation of these projects is necessary to ensure products and commodities produced in the U.S. remain competitive in the global marketplace. The American Society of Civil Engineers estimates that inland waterways have overall investment needs of $4.9 billion over the next 20 years.

The HMTF is meant to pay for the Federal share of harbor maintenance needs. Funds are collected through a 0.125-percent tax imposed on the value of cargo loaded or unloaded at

American ports. Fiscal year 2020 appropriations from the HMTF was approximately $1.63 billion. According to the Congressional Budget Office, the HMTF will collect approximately $1.7 billion in tax revenues and interest in fiscal year 2021.

In 2019, the Committee moved, and the House passed, H.R. 2440 by a 296-109 vote. This legislation creates a discretionary cap adjustment to fully utilize the revenues in the HMTF for its intended purpose. Consistent with the goal of this legislation, the Committee requests that all revenues collected in fiscal year 2019 be allocated to the Corps in fiscal year 2021, and that the approximately $9.2 billion balance in the HMTF also be allocated to address the eligible operation and maintenance backlog and future needs of Federal commercial harbors, including authorized jetty and breakwater needs.

Seventy percent of America's imports and 75 percent of its exports go through the U.S. ports. The number of ships calling on U.S. ports is rising, and with the expansion of the Panama Canal, the size of ships is growing. With an expanded Panama Canal, increasingly larger container ships will become the norm, although the number of American container ports that currently receive such ships is limited. The current rate of investment provided by the IWTF and HMTF is inadequate to keep inland waterways and ports a viable part of a multimodal transportation system in the future. Full utilization of both trust funds is necessary in securing the nation's global competitiveness.

In addition, the Corps is challenged with an enormous backlog of Congressionally-authorized projects and deferred maintenance of its aging water resources infrastructure, increased demands, reduced budgets, and severe weather and water conditions. Ensuring that the Corps has the capability and direction necessary to meet expectations requires a thorough review and understanding of its priorities and its ability to manage its portfolio of assets in the context of recent federal budgets. The Committee intends to continue technical and budget oversight of the Corps funding, backlog, and future needs. Additionally, the Committee will continue working with the Administration on completing the implementation of the Water Resources Reform and Development Act of 2014 (P.L. 113-121), WRDA 2016 (Title I of the *Water Infrastructure Improvements for the Nation Act* (P.L. 114-322), and WRDA 2018 (Title I of the *America's Water Infrastructure Act* (P.L. 115-270).

Finally, the Committee intends to advance a new WRDA for 2020 to address pending water resources development projects, to help ensure the long-term sustainability and resiliency of its water-related infrastructure, and to address concerns raised by communities of all sizes and locations about the affordability of water resources development projects.

Environmental Protection Agency:

Last year, the Committee passed legislation which reauthorized Federal appropriations for the Clean Water State Revolving Fund for the first time since 1987, and we will continue to push for enactment of a renewed Federal commitment to addressing our Nation's wastewater and clean water infrastructure. Increased investment in critical Environmental Protection Agency (EPA) programs like the Clean Water State Revolving Fund, EPA's regional watershed programs, and the Brownfields program, is important both for sustainable long-term economic growth and the protection of human health and the environment. These programs provide substantial returns on investment and consistently receive more requests for participation than can be met by appropriated funding levels. Congress should continue to provide funds that support these activities, should increase the level of appropriated funds for these programs commensurate with State and local needs, and should pursue efforts to increase the affordability of infrastructure for our communities.

In addition, the Committee recommends robust funding to support the water pollution control and nonpoint source management activities of the states, territories, and tribes, as well as for the programmatic offices at EPA under the jurisdiction of the Committee, including the Office of Enforcement and Compliance Assurance (OECA) to support the uniform implementation of the Federal environmental statutes under the jurisdiction of the Committee, including the Clean Water Act.

For the Superfund program administered by EPA, the Committee is aware of a 2015 Governmental Accountability Office (GAO) report (GAO-15-812) that documented a general decline in Federal appropriations to the Superfund program over the last decade. The Committee recommends funding at a level that matches its capability, so that no cleanup projects fail to advance due to lack of funding, thereby delaying public health and environmental benefits, as well as economic benefits derived from returning sites to productive use. As with other accounts, EPA should give highest priority to projects that protect human health, water quality, and the environment, while creating the most jobs and economic activities.

Rail Legislation:

Reauthorization of rail programs will be a key component of the Committee's surface transportation reauthorization legislation. The FAST Act (P.L. 114-94), which expires on September 30, 2020, included the reauthorization of Amtrak, Amtrak's Office of Inspector General, and the Northeast Corridor Commission. The FAST Act also included reforms to provide greater accountability and transparency for Amtrak, improve our rail infrastructure, enhance rail safety, accelerate project delivery, and leverage innovative financing.

The FAST Act reorganized Amtrak's authorization structure into the Northeast Corridor (NEC) and National Network lines of business, to ensure NEC profits are reinvested in the Corridor, while authorizing, in certain circumstances, Amtrak to transfer funding between the two accounts. The FAST Act also created a State-Supported Route Committee to promote cooperation and planning pertaining to the rail operations and performance of Amtrak and related activities of trains operated by Amtrak on state-supported routes.

The FAST Act also restructured and consolidated rail grant programs administered by the Federal Railroad Administration (FRA) for passenger, freight, and other rail activities. These include: Consolidated Rail Infrastructure and Safety Improvement Grants to improve safety, reliability or efficiency for passenger and freight rail projects; Federal-State Partnership for State of Good Repair Grants to reduce the state of good repair backlog for assets used to provide intercity passenger rail service, particularly on the NEC; and, Restoration and Enhancement Grants to initiate, restore, or enhance intercity passenger rail service.

Additionally, the FAST Act authorized several activities to improve the safety of highway-railway grade crossings and strengthened passenger and commuter rail safety, including use of speed limit action plans and locomotive cab alerters. It improved track and bridge safety by reviewing innovative technologies and creating a process for states to monitor bridge conditions, and it provided commuter railroads with competitive grants and loans funded out of the Highway Trust Fund to spur timely positive train control (PTC) implementation. The FAST Act also applies highway and transit streamlining provisions to rail, speeding up timelines, enhancing coordination among agencies, and ensuring public investment early in the environmental review process. Moreover, it unlocked the underutilized Railroad Rehabilitation and Improvement Financing (RRIF) loan program with programmatic and process reforms and enhanced transparency for RRIF applicants.

In October 2015, Congress enacted the *Positive Train Control Enforcement and Implementation Act of 2015*, as part of the *Surface Transportation Extension Act of 2015* (P.L. 114-73), which extended the deadline for installation of PTC to December 31, 2018. The *Positive Train Control Enforcement and Implementation Act of 2015* required each railroad carrier to report annually to the Department of Transportation on its progress toward implementing PTC systems; the FRA requires additional reporting on a quarterly basis. At the end of 2018, the FRA reported that, according to the railroads' self-reported progress, all railroads required to meet the positive train control mandate had either met the December 31, 2018, deadline or had submitted requests for extensions for up to two years. Railroads must be fully compliant no later than December 31, 2020.

Finally, in December 2015, the *Surface Transportation Board Reauthorization Act of 2015* (P.L. 114-110) was signed into law, reauthorizing the Surface Transportation Board (STB) for the first time since the agency's creation in 1995. The Act authorized the STB through fiscal year 2020 and included a series of reforms to improve the STB's efficiency and responsiveness to allow the railroad industry to better serve its customers. It gave the STB authority to investigate issues of national or regional significance on its own initiative; directed the STB to modify its voluntary arbitration process; and made important structural changes, such as establishing the STB as a fully independent agency and expanding STB membership from three to five members.

This year, the Committee will continue to monitor the implementation of the programs, policies, and funding authorized in the *Passenger Rail Investment and Improvement Act of 2008* (P.L. 110-432), the FAST Act, the *Surface Transportation Extension Act of 2015*, and the *Surface Transportation Board Reauthorization Act*.

Pipelines and Hazardous Materials:

The FAST Act also reauthorized the Pipeline and Hazardous Materials Safety Administration's (PHMSA) hazardous materials safety program and included several reforms for the safe transportation of hazardous materials. It is the Committee's intent to reauthorize these programs in its surface reauthorization legislation this year.

The FAST Act authorized grants to assist communities in preparing for and responding to hazardous materials accidents; required railroads to provide information on the identity, quantity, and location of crude oil movements to states and local responders; and improved the process for review of special permits and approvals. In addition, the FAST Act enhanced safety by requiring new tank cars to be equipped with "thermal blankets" and top fittings protection and by requiring that all legacy tank cars to be retrofitted to the new standards. Finally, the FAST Act provided the PHMSA with authority to respond during national emergencies.

Moreover, Congress reauthorized the PHMSA's pipeline safety program in the 114th Congress by enacting the *Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016* (PIPES Act) (P.L. 114-183). The PIPES Act ensured the agency completed its responsibilities under the *Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011* (P.L. 112-90); provided for a number of assessments of the current safety program; included the establishment of minimum standards for underground natural gas storage systems and liquefied natural gas facilities; provided PHMSA with emergency order authority to impose emergency restrictions on pipeline operations and safety measures on owners and operators of pipeline facilities to abate imminent hazards; created a working group to develop recommendations on how to create an information sharing system; and required the PHMSA to report on the feasibility of establishing a national integrated pipeline safety regulatory inspection database to improve communication and collaboration. The PIPES Act expired in September 2019.

Last year, the Committee considered and passed a reauthorization of PHMSA's pipeline safety programs that included provisions to enhance the safe transportation of gas and hazardous liquids by pipeline, address methane emissions through leaking pipelines and operational practices, and support PHMSA in finalizing rulemakings in a timelier manner. This bill has not yet been brought to the House floor. The Committee will continue to review the PHMSA's implementation of the mandates included in the FAST and PIPES Acts, and the *Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011*(P.L. 112-90)., much of which remains to be implemented.

General Services Administration – Federal Real Property and Public Buildings:

The Committee intends to advance legislation related to the General Services Administration (GSA). The GSA continues to face significant asset management challenges because of chronic underfunding of its maintenance and repair budget, difficulties in disposing of surplus property, and an aging inventory. For these reasons, in 2003, the GAO placed real property management on its list of "high risk" government activities, where it remains today.

With respect to the GSA's leasing program, over one-half of the GSA's office space inventory consists of privately leased buildings, and an unusually large number of those leases expire over the next five years. This large turnover of GSA leases is taking place at a time when vacancy rates for commercial office space remain high and market rents low in some markets where the GSA has large lease holdings. The Committee intends to explore ways to help the GSA maximize this market opportunity by accelerating long-term lease replacements and improving utilization rates. The Committee also intends to examine GSA's outlease program.

The Federal Buildings Fund (FBF), the primary source of funding for the GSA's capital investment program, is struggling to maintain a balanced portfolio of owned properties through construction or purchase of new federal buildings and the repair of existing buildings. The FBF is supported by rental payments charged to federal agencies occupying space in the GSA's facilities.

The Committee recommends that the Administration carefully review the need for any new space, and base determinations of whether to lease or own on what would provide the greatest return on investment to the taxpayer. The Administration should also address issues related to the high number of old buildings in the federal inventory that drain resources from the FBF and are no longer efficient for modern office space. The Committee will also continue to take steps to ensure that federal agencies decrease office space, improve space utilization, and increase efficiency to lower costs. In addition, the Committee will push GSA to further reduce the impact of federal buildings on our environment.

Furthermore, the GSA has several statutory authorities that, if used appropriately, could reduce costs and result in ownership opportunities in federal real estate. The Committee will examine how these authorities could be used more effectively to address space underutilization, reuse vacant space, convert long-term leased space into owned space, and provide more efficient space by leveraging concessions from private landlords. The Administration should examine how these authorities could be best used; however, the Administration should work with Congress when using these authorities and there should be authorization and strong congressional oversight of such projects.

Finally, the GSA's repair and alteration program has been underfunded in previous years and has failed to meet projected demand for the modernization of the GSA's aging inventory of retained federal buildings. The Committee continues to believe that the GSA should adhere to criteria in modernization and efficiency priorities that target investment in federal buildings that maximize space utilization and dispose of underutilized assets where appropriate. The Committee will also examine whether opportunities exist to leverage private sector interests in federal real estate, not only in providing new office space but also in modernizing existing inventory.

Federal Emergency Management Agency:

The Federal Emergency Management Agency (FEMA) supports State, local, tribal, and territorial governments and manages and coordinates the Federal response to, and recovery from, major domestic disasters and emergencies of all types, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended. FEMA leads the U.S. in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including terrorist attacks.

Last year was another devastating year for natural disasters across the United States. While 2017 and 2018 will be remembered for three back-to-back hurricanes (Harvey, Irma, and Maria); the tragic wildfire that devoured Paradise, California; Hurricane Michael's wrath in the Florida panhandle; Anchorage, Alaska, and the surrounding area being subjected to a 7.0 magnitude earthquake; and Category 5 Super Typhoon Yutu slamming into the Commonwealth of the Northern Mariana Islands, 2019 still saw more than a hundred new Stafford Act declarations. FEMA is now supporting State, local, tribal, and territorial governments hit by these 2019 disasters while still dealing with the catastrophic floods, wildfires, and earthquakes that affected hundreds of thousands of Americans in the two years prior. The Committee has been, and will continue to be, actively involved in providing assistance and guidance to Members of Congress whose districts have been impacted by these disasters.

In 2018, the Committee advanced the *Disaster Recovery Reform Act* (DRRA), which was signed into law in October 2018 as part of the broader FAA reauthorization package (P.L. 115-254). The DRRA increases the Federal focus on disaster mitigation to proactively reduce loss of life and property by lessening the impact of future disasters and requires stronger, more resilient rebuilding after disaster strikes. It makes other critical reforms to FEMA's disaster response and recovery programs that will help communities better prepare for, respond to, recover from, and mitigate against disasters of all kinds. The Committee has been very aggressive in its oversight of FEMA's implementation of DRRA and will continue to be throughout 2020 as the Agency readies the Building Resilient Infrastructure in Communities (BRIC) grant program, its update to the Pre-Disaster Mitigation program.

The Committee will continue to conduct oversight on FEMA's disaster response and recovery activities—especially the 2017 hurricanes that caused record-breaking destruction in Puerto Rico, the U.S. Virgin Islands, Florida, and Texas—as well as identify any additional necessary reforms to ensure FEMA is able to effectively support its State, local, tribal, and territorial partners. Additionally, the Committee will also continue its oversight as FEMA continues to implement the Sandy Recovery Improvement Act authorities enacted in early 2013. Additional mitigation reforms were also enacted as part of the *Bipartisan Budget Act of 2018* (P.L. 115-123).

Conclusion:

This report was circulated to all Members of the Committee on Transportation and Infrastructure for their review and comment and was approved in a Full Committee meeting on February 26, 2020. While the report reflects a bipartisan effort, the Committee wishes to emphasize that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs, and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED SIXTEENTH CONGRESS
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March 24, 2020

The Honorable John Yarmuth
Chairman, Committee on the Budget
Washington, DC 20515

The Honorable Steve Womack
Ranking Member, Committee on the Budget
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives, and in response to your request, the Committee on Veterans' Affairs (the Committee) submits its Views and Estimates for fiscal year 2021 (FY21).

Overall, the President's FY21 budget request makes devastating cuts to safety net benefits and programs millions of veterans and their families need.

The Committee strongly opposes cuts to veterans' health care. The President's budget proposes to cut $900 billion to Medicaid, $500 billion cut to Medicare, and $844 billion to other health care programs like the Patient Protection and Affordable Care Act (ACA) over 10 years. 1.7 million veterans rely on Medicaid, approximately 9.3 million veterans – more than half of all veterans – rely on Medicare, and nearly half a million veterans received insurance coverage under the ACA and 340,000 more received coverage through the ACA Medicaid expansion. Additionally, amid a public health emergency due to 2019 Novel Coronavirus (COVID-19) the President's budget aimed to slash $700 million from the discretionary budget for the Centers for Disease Control and Prevention – a nearly 19 percent cut.

Additionally, the Committee opposes cuts to other safety net programs upon which millions of veterans rely. Over 600,000 disabled veterans receive Social Security Disability Insurance a year, yet the President's budget proposes to cut Social Security benefits by at least $24 billion. Nearly 1.3 million veterans live in households that participate in the Supplemental Nutrition

Assistance Program (SNAP), but the President's budget would cut SNAP by $182 billion over 10 years. As of January 2019, there are 37,085 homeless veterans. However, the President's budget funds zero new housing vouchers under the Department of Housing and Urban Development VA Supportive Housing (HUD-VASH) program for the fourth straight year and proposes cuts to HUD's rental assistance program by $3.5 billion. Finally, many low-income veterans and their families use the Temporary Assistance for Needy Families (TANF) program and the National School Lunch and School Breakfast Programs. The President's budget would cut the TANF block grant by 10 percent, $6.1 million over 10 years from the contingency fund, and $1.7 billion over 10 years from the School Breakfast and Lunch Programs.

Caring for veterans and providing benefits earned from their service and sacrifice should be factored into the cost of military operations if Congress is to live up to the promise made to military servicemembers when they answer the call to serve. Increases in defense discretionary spending should match increases in non-defense discretionary spending, and safety net programs relied upon by millions of veterans should not be slashed to pay for defense spending increases.

Suicide Prevention

Addressing the crisis of veteran suicide remains the Committee's top priority this Congress. Twenty veterans and servicemembers still die from suicide every day despite significant attention and investment over the past decade. This suggests that we need to closely examine the effectiveness of our interventions to date and work aggressively to implement a comprehensive approach to reduce risk among all veterans and improve care and supports for those at higher risk.

The Committee supports VA's focus on suicide prevention and the increase in the overall resources dedicated to suicide prevention. However, the Committee is concerned the increase is largely focused in two areas and does not provide sufficient investment for the treatment of veterans at high risk of suicide, for research through the Centers of Excellence, or for improvements to suicide prevention coordination and teams. Funding also appears to be shifting away from the implementation from the National Suicide Prevention Strategy to other efforts. The budget requests $41.4 million for the Suicide Prevention 2.0 Initiative but provides no breakdown of how the increased funding will be used. Without this detail, it is unknown how this funding will be distributed across the described "blended approach of community-based and clinical based interventions," nor is it clear how the efforts in this strategy will be evaluated to assess effectiveness on reducing suicide risk among veterans.

Similarly, the President's budget request includes $53.4 million to fund activities related to the PREVENTS Task Force. While the Committee supports the administration's attempt to convene a multi-agency collaboration to address veteran suicide, the Task Force has yet to release its interim report and roadmap for ending veteran suicide. The budget contains no detail on how these funds will be used and what activities they will support. It is also unclear if other agencies will be contributing funds to implement the Task Force recommendations or whether VA will bear this financial burden alone. Without this information, it is not possible to determine whether the investment will be cost-effective. The Budget references the PREVENTS Task Force's charge of designing a program that makes grants to local communities, but without the Task Force report it is unclear how the activities funded under the PREVENTS Task Force will be integrated with existing suicide prevention programs at the VA. Nor is it clear whether any of the other federal agencies involved in the Task Force will bear some of the budget responsibilities for implementing the roadmap.

Our Committee has adopted a comprehensive approach to veteran suicide and ensuring that VA implements strategies in a cohesive manner will require increased investment. However, the investment must be distributed in ways that do not diminish VA's internal capacity to treat veterans at risk or support activities with limited or no evidence of effectiveness.

Mental Health

The Committee remains committed to making access to timely, high-quality, effective mental health care a top priority this Congress. The President's budget request includes approximately $10.3 billion for mental health services. This is $683 million (or 7.1 percent) above FY 20. Demand for VA mental health services continues to grow. Nearly 1.8 million veterans (29 percent of all VHA users) received mental healthcare services in a VHA specialty mental health setting in FY19. This represents an increase from nearly 927,000 veterans in FY 06.

Since 2005, there has been a more than threefold increase in the number of women veterans accessing VA mental health services. In 2019, 235,000 women veterans received VA mental healthcare, representing approximately 43 percent of all women veteran patients. The Committee recommends increasing the number of Women's Mental Health Mini-Residencies, hosted with DoD, to train women's mental health champions. Currently VA and DoD host one every other year, which is unlikely to keep pace with growing demand and attrition. In addition to funding five new mini-residencies in FY 21 (at an approximate total cost of $5 million), VA should fund 0.5 FTE for Women's Mental Health Champions at each VA medical center to allow these program advocates to fulfill duties, consult with providers, ensure fidelity to evidence-based practices and protocols and adherence to VA policies regarding mental health and women veterans.

During a recent HVAC Oversight and Investigations subcommittee and Health subcommittee hearing, the Committee learned that adjusted access standards under the MISSION Act was contributing to more mental health care referrals to community providers. The Committee is concerned that veterans are being referred to community providers who lack cultural competency or the ability to deliver evidence-based treatments. The Committee is also concerned veterans are already experiencing similar or longer wait times to get community care mental health appointments (when compared to access at VA for mental health appointments), raising important questions about contractors' ability to provide adequate and appropriately trained networks of mental health providers.

Additionally, psychiatry and psychology are again listed as mission critical occupations for which VA has staffing shortages, despite ongoing efforts, including the Mental Health Hiring Initiative. At a time when veteran mental health promotion and suicide prevention are of utmost concern, VA should consider expanding its use of current recruitment and retention incentives to attract and retain the professionals who are central to this care. Too often, VA's existing recruitment incentives[1] and issues affecting retention[2] are at the discretion of medical center directors who use the funds for other purposes or solely for psychiatrists.

The Committee congratulates VA on continuing to be a leader in telehealth, including tele-mental health, and looks forward to seeing the national rollout underway in 2020 to stand up integrated Clinical Resource Hubs of tele-mental health in all Veterans Integrated Service Networks (VISNs). Furthermore, the Committee is encouraged by early data from VA's new Solid Start program, in which VA makes calls to newly transitioned veterans from all cohorts, regardless of time in service, to discuss transition and highlight benefits. The Committee looks forward to learning from VA how the program is affecting veterans' usage of mental health benefits and the Veterans Crisis Line.

Emergency Response and Preparedness (4th Mission)

While VA responds directly to veterans, it also carries out its Fourth Mission by participating in the federal government's broader National Response Framework (NRF) and setting up an internal Disaster Emergency Medical Personnel System (DEMPS). The Department of Health and Human Services is the lead federal agency of public health responses. HHS' Federal Emergency Management Agency (FEMA) has overall responsibility for coordinating federal disaster plans and subsequent administration of relief activities following a declaration by the President. In such an event, the NRF is enacted, and VA is designated as a supportive agency to several Framework Essential Support Functions (ESFs).

VA's emergency preparedness responsibilities, known as VA's Fourth Mission, are to ensure the continued delivery of VA health care and programs, and— at the discretion of the Medical Facility Director or enactment of the NRF— to provide services and supplies to civilians in the event of an emergency.

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[1] Recruitment incentives include salary and locality pay, pay authority for mental health providers, expedited direct hiring, bonuses, leave, debt reduction programs, scholarships, and teaching and research opportunities.
[2] Some issues that affect retention of VA mental health providers include population-based staffing, scope of practice, non-VA provider competency and quality standards, bonuses, incentive awards, and debt reduction.

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VA does not have dedicated disaster medical response organizations or program offices. Instead, VA creates as-required response teams using the Disaster Emergency Medical Personnel System (DEMPS). DEMPS teams are activated by the Secretary and deployed through the Office of Operations, Security and Preparedness through the General Administration Account. VA had a DEMPS team deployed for every day of 2019 responding to climate disasters.

Readjustment Counseling Services, often part of the DEMPs teams, respond to mass shootings, hurricanes, tornados, and wildfires, providing services to 1,933 Veterans, 45 Service Members, 287 families, and 1,895 citizens in FY19.

VA Mobile Pharmacies provide medications to veterans and civilians affected by a natural disaster. VA currently has four mobile pharmacies that can connect via satellite to a Consolidated Mail Outpatient Pharmacy which can then dispense prescriptions for delivery to a central location within the disaster zone. The Pharmacy request does not reflect increased deployment of mobile pharmacies to climate disasters.

Agent Orange Presumptions

The budget does not request any appropriations for additional diseases recognized by VA as associated with Agent Orange exposure. Historically, the VA Secretary has added diseases to the regulatory list of service-connected conditions related to Agent Orange exposure based on findings of the National Academies of Medicine (NAM). Reports from NAM dated 2016 and 2018 showed some evidence of association between (1) bladder cancer, (2) hyperthyroidism, (3) parkinsonism, and (4) hypertension, and exposure to Agent Orange. However, when then-Secretary Shulkin requested those diseases be added to VA's regulatory list of Agent Orange diseases, the administration blocked his request.

Despite renewed calls for inclusion of these 4 diseases from the House of Representatives, Senate, and many national veteran service organizations, the administration continues to stonewall these efforts. The absence of any request for additional appropriations to cover inclusion of these diseases signals the lack of progress on this matter.

Veteran Homelessness

VA has been successful at reducing veteran homelessness by providing homeless and at-risk veterans with appropriate housing and supportive services. However, many veterans remain in danger of losing their homes or are currently homeless. The Committee strongly supports Supportive Services for Veteran Families (SSVF) and Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) programs and opposes any actions by the Administration to reallocate funds or reduce staff for these programs. Funding must support sufficient VA case management services to support the HUD-VASH program. On January 14, 2020, VA testified before the House Veterans Affairs Subcommittee on Economic Opportunity that 22,000 vouchers were unleased. Even accounting for veterans in the pipeline and vouchers dedicated to project-based development, there were still 14,000 unused vouchers. Further, when HUD receives new funding for additional vouchers, VA must proportionally increase its number of case managers. The Committee will continue to support efforts to better understand and address the myriad factors that underlie veteran homelessness, including collaboration with other Committees of jurisdiction to end veteran homelessness.

Electronic Health Record Modernization Funding

The budget requests $2.627 billion for continued funding and activities of the Veterans Electronic Health Record Modernization (EHRM) program. This funding includes additional system deployments and the accelerated deployment of the new Cerner Scheduling System (CSS). With the delay of deployment of the Cerner system at the Initial Operating Capability (IOC) site in Spokane, WA (announced on Feb 10, 2020), it remains unknown if this accelerated schedule can still be accomplished.

The Committee is extremely concerned regarding VA's implementation and its lack of transparency regarding the EHRM program. In November 2019, VA officials testified at a hearing of the Subcommittee on Technology Modernization, stating that everything was on-track for the planned March 28, 2020, go-live in Spokane, Washington. In February, the Committee was subsequently informed of a delay. At the time, the Secretary indicated it would be a delay of weeks, but this has morphed into months with a new go-live planned for July. In the meantime, VA has expanded the expected system capabilities for Spokane leading the Committee to have concerns about the impact of requirements creep. While the Committee has consistently maintained that successfully executing the program is more important than meeting an artificial deadline, it is equally important that VA remain transparent about its progress or problems.

VA has requested an increase in funding for the overall program—ostensibly for an acceleration of the deployment schedule. However, with the delay VA has failed to provide clarity for both the impacts on short- and long-term deployment. VA has offered multiple, and at times contradictory, reasons for the delay and has failed to articulate a comprehensive plan for addressing its root-cause(s). VA has also been inconsistent regarding its plans for the overall 10-year deployment schedule. At Subcommittee oversight hearings, VA indicated that the full deployment remains unchanged, while at the same time stating that "The overall timelines are subject to change following the delivery of Capability Set 2 to Initial Operating Capability (IOC) sites in order to gain additional efficiencies, economies of scale and/or synergies with the Department of Defense (DOD)." VA has also stated "Bottom Line: No new requirements, infrastructure needed upfront".[3]

[3] Department of Veterans Affairs, Office of Electronic Health Record Modernization, *Electronic Health Record Wave Deployment* (March 9, 2020).

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The Committee is also extremely troubled by an apparent leadership vacuum within the Office of Electronic Health Record Modernization (OEHRM). With the termination of Deputy Secretary Byrne, significant questions remain about responsibility. Congress named the Deputy Secretary as the official in charge of EHRM, including being the only official (beyond the Secretary) with authority to obligate funds for the program. Based on recent statements, it appears that Assistant Secretary for Enterprise Integration, Dr. Melissa Glynn, is unofficially in-charge and "responsible for the reporting chain" to the Secretary; the head of the Office of Electronic Health Record Modernization, Mr. Windom, is responsible for the day-to-day implementation; while the Secretary retains ultimate financial accountability.

This lack of transparency, inconsistent messaging (especially regarding the schedule), and leadership vacuum give the Committee significant concern about the program.

The Committee also remains concerned regarding infrastructure readiness for the EHRM program. Testimony from OEHRM leadership as well as Cerner Corporation indicated that infrastructure to support the EHRM program modernization should be in place six to twelve months ahead of deployment for a specific site. The budget includes $1.181 billion for Infrastructure Readiness in support of this aim. However, it remains uncertain how this funding is being coordinated with OIT funding for technical refresh and VA's plan for a 4-year elimination of Department-wide technical debt. Further, the VA Office of Inspector General has recently raised concerns in hearing testimony about the true state of efforts to get needed infrastructure in pace in Spokane, including that VA has yet to award related contracts and may not have some infrastructure in place even by the delayed go-live date.

Finally, the Committee is troubled by recent findings that a significant (but unknown) number of VA produced apps (apps from the VA app store- https://mobile.va.gov/appstore) will cease working or lose significant functionality for any veteran based where the new EHRM is deployed (e.g. any veteran in Spokane). VA has not demonstrated that adequate resources (any resources) are devoted to addressing this issue.

Blue Water Navy Veterans Claims

H.R. 299, the Blue Water Navy Vietnam Veterans Act of 2019 finally became law last year, providing new benefits for thousands of veterans. VBA requests additional funding for General Operating Expenses related to Blue Water claims in the amount of $137.2 million to include 691 FTE. These employees will serve as subject matter experts to process Blue Water claims, answer calls at the National Call Center, and staff and implement technology enhancements. Aside from increases in staffing, other related costs include continued records scanning and outreach efforts, and onboarding and training for new employees. Additional staffing, training, outreach, and scanning efforts will support successful implementation of one of the Committee's largest and most important legislative efforts of this Congress. For that reason, the Committee supports appropriated funds to support Blue Water Navy implementation.

Women Veterans

The Committee supports funding for gender-specific healthcare for women, including hiring additional Women's Health Primary Care Providers (WH-PCPs) and women's mental health providers, and expanding training for existing providers. The Committee also supports funding for health services like mammography and gynecology at VA medical facilities. The Committee is concerned the proposed 9 percent increase in the President's budget is not in line with demand or the pace of growth, and agrees with the analysis in the Independent Budget, authored by Disabled American Veterans, the Veterans of Foreign Wars, and Paralyzed Veterans of America that a $200 million increase would mitigate perpetual challenges in staffing, wait times, and lower patient satisfaction in women veterans. The Committee supports VA's decision to elevate the Office of Women's Health to report directly to the Undersecretary for Health. The Committee is hopeful that this will result in improvements to future budget requests for women veterans health services.

The Committee supports VA's decision to make permanent and fund the VA-DOD Women's Health Transition Program, now referred to as the Women Veterans Extended Health Care Initiative. The Committee supports the additional funding of this program at $3 million per year and anticipates reporting from VA regarding metrics of success for this program to identify additional resources. In addition, the Committee strongly encourages that the Department of Defense allocate additional resources to this program.

The Committee remains concerned about the under-resourcing of the Center for Women Veterans. The Center for Women Veterans currently is funded at half a million dollars less than the Center for Minority Veterans, which has only one more full-time employee. The Committee recommends a minimum of a $500,000 increase in the Center for Women Veterans budget in order to have parity with the Center for Minority Veterans.

Research and Development

The Committee supports strong investments in VA's intramural medical and prosthetic research account, including biomedical laboratory, rehabilitation, health services, cooperative studies, and clinical science programs as well as the Million Veteran Program. The President's request totals $787 million, which is $13 million below the appropriated FY 20 level of $800 million and $37 million above the enacted level due to prior year rescissions. The Independent Budget recommends funding VA research at $860 million in FY 21, both to reflect declining research purchasing power, given the annual biomedical research inflation rate, and to increase capacity for research on emerging conditions and in chronically underfunded areas. The Committee agrees with the Independent Budget's recommendation.

The Committee is very concerned that the President's FY 21 budget cuts VA's current level of $5 million in annual funds for the DOD-VA Consortium to Alleviate Post Traumatic Stress Disorder (PTSD) to zero. Given VA's priorities to treat the invisible wounds of war and prevent suicide, and in light of research showing that existing evidence-based treatments for PTSD are often less effective with military and veteran populations than with civilians, it is a priority of this Committee and should be a priority of VA to fund research that can illuminate more effective ways of reaching and treating veterans with heterogeneous PTSD presentations, preferences, and needs. The Committee recommends funding the Consortium to Alleviate PTSD for another five-year round of competitively reviewed research, with $5 million provided in FY 21 and in each of the four subsequent years.

In addition, the Committee agrees with the Independent Budget's recommendation that VA needs to bolster its investment in its research infrastructure to continue recruiting world-class researchers and providing them with appropriate facilities, technology, and equipment. A 2012 Congressionally mandated report assessing VA's research infrastructure identified and prioritized deficiencies, including those deemed top priority for correction within a one-year period. The Committee concurs with the Independent Budget request for $99.5 million in FY 21 dedicated to correcting all priority deficiencies.

Community Care

The President's FY 2021 budget proposes $18.5 billion for Medical Community Care Programs. This represents a 20-percent increase over the fiscal year 2020 amount, and a 41-percent increase compared to fiscal year 2019 spending. It is important to note that— in addition to care purchased under the VA MISSION Act's new Veterans Community Care Program— this $18.5 billion must also fund care delivered through community nursing homes, purchased home and community-based long-term services and supports, VA's Foreign Medical Program, several dependent programs (such as the Civilian Health and Medical Program of the Department of Veterans Affairs and the Camp Lejeune Family Program), and VA reimbursements to Indian Health Service and Tribal Health Programs for direct case services provided to dually eligible veterans.

The Committee is concerned the administration's $18.5 billion request for Medical Community Care Programs will not adequately support veterans' increasing utilization of VA community care under the VA MISSION Act's expanded eligibility criteria, nor will it adequately support projected increases in utilization and costs for long-term services and supports that VA purchases in the community. On recent oversight visits, Committee staff heard from several VA medical centers that medical centers are already exceeding projections for fiscal year 2020 and have been asked to identify potential cost-saving measures for community care.

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In addition, VA's fiscal year 2021 budget request also assumes that the Department will carry over approximately $1.1 billion from the Veterans Choice Fund. However, the Committee is concerned that these funds are likely to be depleted in fiscal year 2020 due to a growing backlog of legacy community care claims pending VA adjudication, some of which are for care that was delivered *years* ago. As of the end of February 2020, VA had a backlog of approximately 3.7 million community care claims awaiting payment, which could easily exhaust the $1.1 billion from the Veterans Choice Fund that VA is planning to carry over to fiscal year 2021.

For fiscal year 2021, VA is also requesting $1.023 billion to support administration of its community care programs. Compared to fiscal year 2019, this represents about a 14-percent increase. VA's congressional budget submission indicates that the bulk of this 14-percent increase will be paid to contractors VA has hired to build IT systems to support administration of VA's community care program and build provider networks and pay claims. This contractor support is important, but the Committee is concerned that VA is not adequately investing in its own workforce to support implementation of the VA MISSION Act community care program, especially given that the work of community care appointment scheduling has been transferred from contractors to employees at VA medical centers. On recent oversight visits, committee staff found that VA medical centers are struggling to keep up with the increased workload they have incurred since the implementation of the MISSION Act. VA's investment in administration of the MISSION Act community care program should be commensurate with the increase in spending for health care services. A 14-percent increase to support administration of community care programs falls far below VA's planned 41-percent increase for purchasing care in the community.

Program for Comprehensive Assistance for Family Caregivers

The President's budget requests $1.19 billion for FY 21, which is a $485 million increase over FY20 funding levels to fund expansion of the Program for Comprehensive Assistance for Family Caregivers (PCAFC) to family caregivers of veterans of all generations and conflicts (not just veterans who served after September 11, 2001).

While the 231-page proposed rule has been published, the 60-day public comment period is still open. In it VA seeks to standardize eligibility by expanding the definition of serious injury to include any service-connected disability — regardless of whether it resulted from an injury, illness or disease. The Committee supports such an expanded definition as it will correct a remaining inequity in the program.

It is unclear how accurate VA's budget request for the program is, considering the proposed rule. VA anticipates in the summer of 2020 expanding PCAFC to veterans who incurred or aggravated a serious injury in the line of duty on or before May 7, 1975. However, the new IT

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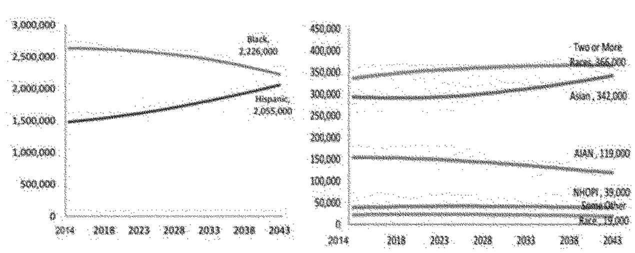
system to manage caregivers and veterans called CARMA (Caregivers Record Management System) has yet to be certified—this must occur prior to expansion happening.

Of the currently 20,000 approved family caregivers, most fall in the age range of 30-39, and approximately 90% are female. Over the course of the next year, VA will be implementing interprofessional Centralized Eligibility & Appeals Teams (CEAT). CEATs will be able to allow clinical eligibility determinations to be more consistent across the enterprise. Led by a physician, these teams, located at every VISN, will focus on standardizing and determining program admissions, tier adjustments, program revocations and managing appeals.

Health Disparities

The Committee remains committed to addressing health disparities and better understanding the role of social determinants on veterans' healthcare. This includes a focus on underserved veterans from tribal communities, homeless veterans, and even deported veterans. Demographic trends demonstrate increasing diversity within the veteran population. Almost a quarter of all veterans are minorities and nearly ten percent of veterans are women. Eligible veterans, regardless of social or physical disparities, should not face barriers to care at VHA facilities. According to the Centers for Disease Control and Prevention, health inequities can result in lower life expectancy, lower quality of life, disability, higher rates of disease, and death. In 2012, VA established the Office of Health Equity to lead the department's efforts to advance health equity and reduce health disparities throughout VA's health care system, citing health equity as system wide priority.

Projected Population Growth of Minority Veterans, 2014-2043



Source: Department of Veterans Affairs, Office of Enterprise Integration, Veterans Population Projection Model, 2014 Prepared by the National Center for Veterans Analysis and Statists

Unfortunately, over the course of this Congress, this Committee has held a number of hearings and conducted a number of site visits and led Congressional Delegations across the continental US and its territories only to discover significant challenges in VA's ability to deliver care and services to minority veterans. Members and staff heard numerous concerns from veterans of cultural insensitivity and racial bias perpetrated by VA patients and staff. Negative experiences at VA can have a deeply discouraging impact on a veteran's willingness to continue to receive care at VA. Racial bias in health care contributes to different outcomes and increased fatalities. Providers with unconscious or conscious stereotypes about minorities may contribute to how they respond to a patient's concerns.

A GAO report from December 2019 found VA's Health Equity Action Plan, originally drafted in 2014, and reissued again in 2018, had no measurable outcomes to hold VA accountable for the success or failure of its efforts. Further, VA's data on race and ethnicity is inconsistent or does not exist. VA must address implicit bias in medical providers and frontline staff and address incomplete and missing data if it is to be a leader in American healthcare that can dynamically meet the needs of an increasingly diverse and intersectional patient population.

The Committee is deeply concerned about the lack of race, ethnicity, language, and tribal enrollment information in VA's data sets. Research and outreach efforts cannot be properly tailored to the veteran population if such diversity is not captured. Further, the Committee strongly supports efforts to ensure the new Electronic Health Record is able to accurately capture race and ethnicity and train front line staff conducting intake to ask patients about race and ethnicity, instead of making assumptions about veterans' race and ethnicity.

American Indian and Alaska Native Veterans

In 2010, VA and the Department of Health and Human Services' (HHS) Indian Health Service (IHS) established a memorandum of understanding (MOU) to improve the health status of American Indian and Alaska Native (AI/AN) veterans through coordination and resource sharing among VA, IHS, and federally recognized tribes. DOD and VA do relatively well at sharing best clinical practices, yet VA and IHS have an ad hoc approach despite a significant number of shared patients. While indigenous people, particularly women, serve in the military at a higher rate than any other population, they are the least likely to have health insurance or pursue VA benefits. They are disproportionately more likely to have service-connected disabilities, experience sexual assault, and die by suicide. AI/AN people have a life expectancy 5 years lower than the US average. Last year, the Committee held an oversight hearing and traveled to Indian Country to examine the unique barriers AI/AN veterans continue to face when seeking access to quality, culturally competent care from VA and tribal health systems.

The number of AI/AN veterans eligible for both VA and IHS services is unknown, as neither agency captures the correlating veteran or tribal enrollment status of its patient. The conservative estimate from the US Census Bureau is 141,000 AI/AN veterans using a combination of both health care systems today.

The Honorable John Yarmuth
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Data from VA controlled studies found that roughly 33 percent of American Indian/Alaska Native veterans using VA care access VA mental health services. AI/AN Veterans who use VA experience posttraumatic stress disorder (PTSD) at a higher rate than all other veteran groups; AI/AN Veterans have almost double the rate of PTSD as non-Hispanic white veterans.[4] A 2016 VA tribal consultation with all 567 federally recognized tribes identified treatment for PTSD and mental health as a top priority for veterans in Indian Country.

To implement the goals of the MOU, VA established the Office of Tribal Government Relations (OTGR) in 2011 to facilitate tribal consultations with VA and shepherd partnerships. Despite limited resources, a six-person team and $1 million budget, OTGR has facilitated 112 reimbursement agreements with Tribal Health Programs (THPs) and provided 10,500 veterans access to health care. VA's Office of Rural Health also serves Indian Country but has an ill-defined role. VA's Office of Community Care provides oversight of the reimbursement agreements for health care services.

While the three offices mentioned above all play unique roles in the implementation the MOU, the Committee is concerned these offices alone cannot reasonably be expected to achieve the goals outlined in the MOU. VHA leadership must make the MOU a priority for the entire VHA enterprise. The Committee eagerly awaits the release of the updated MOU this summer and hopes the Secretary will commit to an agency-wide effort to ensuring this population of veterans have access to culturally competent care and services.

Access to Care in the Territories

Veterans living in the Pacific Region are faced with health care challenges by virtue of their location, minority status, and territory status. The U.S. Territories in the Pacific Region are geographically separated from both Hawaii and the Continental United States, located on various sides of the international dateline, in a variety of time zones. They have diverse island cultures and public health infrastructures. Given how small VA's presence is and how few services are available, increased collaboration with federal partners and community care providers and hospitals are critical.

There are approximately 30,000 veterans in the Pacific Islands. With the eligible veteran population close to 104,000, the enrollment-based market penetration exceeds 51 percent (as compared to 95 percent in Puerto Rico). The total veteran population for the Pacific Islands Market was close to 120,000 at the end of FY 2017.[5] Veterans in the Pacific must contend with

[4] 20.5 percent versus 11.6 percent
[5] At the height of the wars in Iraq and Afghanistan, four of the Army's top recruiters were from Guam, and enlistment on the island doubled while it was falling almost everywhere else in the nation. Guam's unemployment

much more significant obstacles to access VA healthcare than veterans in the rest of the country, traveling thousands of miles to reach the nearest full-service facility in Hawai'i.

American Samoan veterans must fly 5 hours north, a distance of about 2,650 miles, to receive the most basic of care, due to the rundown nature of both the local VA clinic and Hospital. Veterans in American Samoa also face the unique challenge of not having direct flights to and from Hawai'i every day, forcing veterans to spend a minimum of three days away from home, and often up to a week.

VA opened a new outpatient clinic in Guam in 2011, but it is far too small for the population it serves, and the island still lacks the kind of specialized treatment facilities available in other locations. The nearest intensive program for post-traumatic stress disorder (PTSD) is located more than 3,000 miles away in Hawaii. Further, constant physician shortages have prevented veterans from accessing timely care.

Veterans living in the Northern Marianas do not have a VA medical facility, dedicated medical and mental health professionals, or a Vet Center to serve them. VA health services are limited to two part-time contract physicians who are at capacity and unable to take additional veteran patients. Veterans in the Marianas must travel to Guam, or in many cases, go directly to Hawai'i to receive VA care.

Service-connected veterans have to pay for their flight to Hawaii upfront and get reimbursed months later. Those veterans report poorly coordinated mismatched flights. In some cases, the trip is paid upfront, but the veteran has to pay out-of-pocket for ground transportation, meals, and lodging, with the hope of receiving partial reimbursement later. In-person mental health care can quickly become an investment of $3,000 or more. Because of the effort, it takes to access care, utilization is relatively low.

VA has not been able to tell Committee staff how often, on what schedule, and with what specialties they send providers to travel to Guam, American Samoa, and the Northern Mariana Islands.

Language Barriers

While the ability to speak, read and write English is a requirement for joining the military, it is not a guarantee of fluency, particularly in the following decades after separation when veterans return to communities and homes that may not speak English. During Committee oversight visits to VA facilities in Puerto Rico, there was a notable lack of Spanish language materials- posters, fact sheets, newsletters, forms- available to veterans and caregivers. During

rate is 13.3 percent, whereas the national average is 7.5 percent, and nearly 23 percent of residents there live in poverty, compared to about 15 percent of Americans overall.

the roll-out of the new community care program authorized under the Mission Act, employee training modules were only produced in English as were the letters mailed to veterans. As a result, during their oversight visit to Puerto Rico, Committee staff learned employees in San Juan took it upon themselves to translate and reproduce the materials so staff and veterans could better understand the new program. Additionally, San Juan has had to stand up its own version of the Veteran Crisis Line, as VA's national line does not have Spanish speaking responders. Unfortunately, the line for veterans in Puerto Rico is not consistently staffed and has inconsistent responses to veterans in crisis.

Given the rapidly diversifying population that now makes up the broader veteran community, VA must ensure language barriers do not prevent veterans and their caregivers from accessing and receiving the care and services they have earned.

Long-Term Services and Support

The Committee supports an increase of $534 million for the Long-Term Services and Support (LTSS) budget in FY 21. As veterans age, approximately 80 percent will develop the need for long-term services and supports. Nearly 50 percent of the 9 million veterans currently enrolled in VA health are already 65 or older. Between 2018 and 2028, the number of enrollees aged 75 or older is expected to increase by 46 percent (to an estimated 2.9 million veterans), while the population of enrollees under age 75 will decrease by 14 percent.

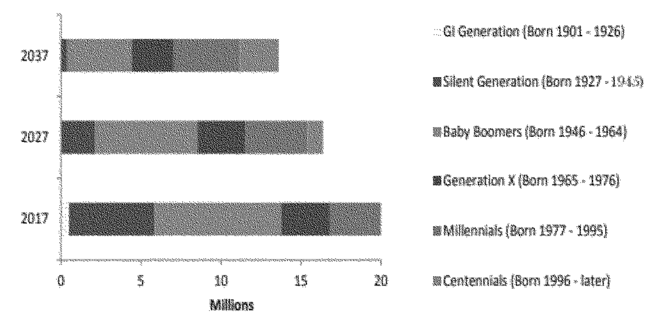

Table 2 – Veteran population by cohort 2017 - 2037

In preparation for providing LTSS to more veterans, VA must continue its efforts to better balance the percentage of its budget spent on institutional versus non-institutional care. From 2008 to 2017, the percentage of VA's LTSS spending on non-institutional care rose from 15 percent to 36 percent. The $534 million increase for LTSS proposed in the Independent Budget is essential

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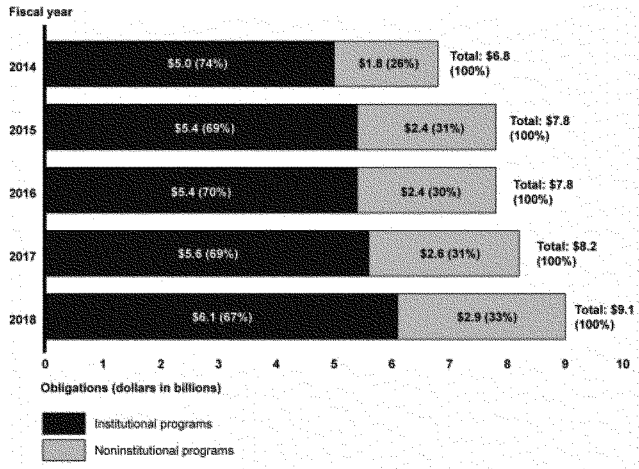
to ensuring VA can maintain its network of institutional care providers, such as Community Living Centers and State Veterans Homes, while increasing veteran access to non-institutional care.

Figure 3: Obligations for Department of Veterans Affairs' (VA) Institutional and Noninstitutional Long-Term Care Programs, Fiscal Years 2014 through 2018



Source: GAO analysis of VA obligation data. | GAO-20-284

VA has not kept up with states' shifts in investments from institutional programs to non-institutional programs. For example, in 2016, Medicaid expenditures for home and community-based services for the population most like VHA users (i.e., for older adults and people with disabilities) accounted for about 45 percent of total spending for long-term services and supports. In comparison, VA spending on comparable personal care services (i.e., for the Homemaker Home Health Aide, Respite Care, and Adult Day Health Care programs) accounted for only 31 percent of VA's long-term services and supports obligations in fiscal year 2019. VA is getting far less "bang for the buck" by investing such a significant share of its resources in institutional programs: Current annual per-veteran costs for nursing home care are 8.6 times the annual costs of home and community-based services within VA.

VA faces challenges like other health care providers in meeting the growing need for long-term care as the population ages. There is a national shortage of nursing assistants and home health aides, which are critical for supporting long-term care programs. Approximately 80 percent of VA CLCs had vacancies for nursing assistant and health technician positions at the start of FY20. In addition, there was a wait list of at least 1,780 veterans for Home-Based Primary Care at the start of FY20, and 60 percent of VA facilities cited staffing challenges as a barrier to expanding Home-Based Primary Care.

VA also needs to ensure its long-term services and supports are prepared to accommodate special populations of veterans, including women, the LGBTQ community, American Indians and Alaskan Natives, those who reside in the U.S. territories and rural areas, and veterans for whom English is a second language.

Capital Investment and Infrastructure

Capital investment for VHA remains woefully underfunded once again. The President's budget request for FY 21 only included $1.9 billion for 3 major construction projects and 37 minor projects; $237 million for seismic corrections and; $1.85 billion in non-recurring maintenance (NRM). The Independent Budget advocates for a $5 billion to $6 billion annual infrastructure budget to close the gap on the agency's 10-year infrastructure backlog including a $7 billion backlog in potentially life-saving seismic corrections. At the current funding level, the Independent Budget estimates it will take roughly 18 years to complete all necessary seismic corrections. Without appropriate facilities to handle the higher rates of patient utilization, a greater number of veterans will be forced to seek their care in the community as VA will not be able to meet self-imposed timeliness standards due to a lack of useable space.

Furthermore, given the extended care needs of veterans are expected to increase as the overall veteran population ages, we must ensure VA is ready to serve this population. State Veteran Homes provide 24-hour skilled nursing care in homes that are owned and operated by states. There are 157 State Veteran Homes located in all 50 states and the Commonwealth of Puerto Rico, with over 30,000 authorized beds available, making them the largest provider of institutional long-term care for veterans. Therefore, it is critical the budget request seeks appropriate levels of funding to build out the capacity of these programs because they often provide higher-quality care at a lower cost than community nursing homes. For many years, VA has not budgeted to a need for State Veteran Home construction grants and as a result found itself with a gaping backlog which was addressed in FY18 and FY19 when VA received an additional $687 million and $150 million to address a backlog of grant requests by states. Unfortunately, VA has only requested $90 million for FY 21, which was the same funding received in FY20. The Independent Budget advocates for $250 million in FY 21 in order to fund nearly half of the federal share of projects on the FY 20 VA State Homes Construction Grants Priority List for Group 1.

National Cemetery Administration

NCA has requested an additional $1.2 million to continue development and maintenance of the Veterans Legacy Program. The Committee supports this initiative and NCA's commitment to continue digitalizing the names and locations of veteran remains and collecting the memories and photographs of these individuals to memorialize their lives and military service.

NCA projects that by 2021, approximately 93.1% of veterans will have access to a burial option in a national, state, or tribal veterans cemetery within 75 miles of their home. As in years past, NCA requests $45 million for grants to states, territories and tribal lands for construction of veterans cemeteries. The Committee supports the use of the grant program to increase access to burial options for underserved veterans. However, given the stagnant budgetary request for the grant program, which has not increased above $45 million since 2011, it is unclear whether the appropriated funds adequately cover the high demand for veteran cemetery grants and maintenance costs of existing cemeteries.

Disability Compensation Claims Processing

VBA requests additional funding for FY 2021 of $2.2 billion to cover General Operating Expenses for Disability Compensation. The increase in requested appropriations responds to increasing numbers of claims filed, the new appeal process, and efforts to reduce wait times for appeals claims decisions. Based on VBA's reports, the number of disability compensation claims has steadily increased since 2018. Further, with the passage of the Blue Water Navy Vietnam Veterans Act of 2019 and over 1 million servicemembers transitioning out of the military, the number of claims for disability compensation is set to increase.

Another cause for increase in VBA operating expenses is an increase in disability contract exams. Though this program originally began by servicing veterans living overseas, the disability contract exam program now covers the majority of all disability exams performed by VA. This represents a shift from VHA resources, which would otherwise cover expenses related to compensation and pension exams.

Board of Veterans' Appeals

VA requests a slight increase in appropriations in FY 2021 for the Board of Veterans' Appeals (Board). The increase is associated with increased salaries for employees though the actual number of FTE is expected to decrease slightly. Over the past year, the Board has worked to reduce the hearing backlog, conducting 22,743 hearings in 2019, representing a 38 percent increase over 2018.

However, at the end of 2019 the Board had over 60,000 pending legacy hearing requests and over 11,000 pending Appeals Modernization Act (AMA) hearing requests. The Board predicts the number of AMA requests will increase until most legacy hearing requests are completed in

2022. The Board also stated it was on track to offer 36,000 hearings and complete more than 24,000 hearings in 2020.

The Committee is concerned about the high demand for hearings at the Board, including pending legacy appeal hearings and increasing AMA appeal hearings, coupled with the decreasing work force at the Board. Though the Board predicts it will conduct more hearings than ever in FY 2021, it is not clear how this will be accomplished with dwindling resources.

Information Technology Funding

The overall budget for the Office of Information and Technology (OI&T) has remained relatively static over the last several years, yet the enterprise needs of VA have only grown. VA has several complex ongoing projects, such as the Electronic Health Record Modernization (EHRM) and the Financial Management Business Transformation (FMBT), which are both projected to take at least a decade to implement.

Development and implementation of the new EHRM system has been and continues to be a monumental undertaking at VA. Coupled with $1.045 billion accumulated technical debt and antiquated legacy systems, this has required significant investment in IT equipment and infrastructure. These may be funded through a variety of accounts—including OEHRM, OIT, or VHA.

The Department also seems to suffer from a lack of consistent leadership and a clear strategic vision. This vision spans the basic -- a regular technology refresh schedule -- to the complex -- the deployment of a single instance of a VA-DoD health record system. In addition to leadership challenges, there has been slow growth in highly skilled staff, particularly in the EHRM program office (OEHRM), leaving OI&T heavily dependent on contractor support and detailed staff from other programs.

The budget request contains $3.205 billion (including an increase of $465.6 million—17 percent) for Operations and Maintenance. Included within this is VA's transition to the Enterprise Cloud Solution (VAEC). The budget also notes that VA is "migrating infrastructure and applications to commercial cloud providers to reduce operational costs and increase flexibility". The Committee remains uncertain, and VA has failed to demonstrate, if cloud-migration will engender a cost savings or added efficiencies. VA consistently fails to deliver timely information and strategic plans regarding big strategies such as cloud migration or legacy system decommissioning.

Earlier this year, VA released its plan for a 4-year department-wide technical refresh program: "ITOP/EHRM Infrastructure Alignment FY20-FY22". It documented a 4-year plan

(FY20, FY21, FY22, and FY 23) to eliminate VA's technical debt and identified a budget request of $473 million specifically aimed at this goal. While the Committee agrees with the need to update VA's aged, and sometimes obsolete technology, the plan failed to outline how items are paid-for after the 4-year period. Put simply, items (especially endpoints and peripherals refreshed in FY2021) will need to be refreshed in again 2025 (4-year cycle). It remains unclear if VA has made appropriate strategic or budgetary plans for this. It also remains an open question if required IT updates and upgrades are coming from OIT or VHA. It appears that VHA (through EHRM) is shouldering the cost of department-wide updates, with little management thought as to medium or long-term maintenance. There must be a comprehensive infrastructure plan that extends beyond the first few years of the EHRM implementation as well as an enterprise-wide plan that will engage in a strategically sourced technology refresh schedule moving forward.

Veterans Education and Transition Benefits

The Committee remains concerned that some benefits and programs administered by the VBA continue to be largely ignored. In recent years, the bulk of the staffing and resource increases have been directed toward the administration of disability compensation and pension claims. This primary focus on compensation and pension claims has resulted in a lack of attention placed on the administration of other VBA benefits such as the GI Bill, Vocational Rehabilitation, Home Loan benefits, and VA's portion of the Transition Assistance Program (TAP).

Ensuring economic and educational opportunities for veterans, particularly those transitioning from active duty, is an area of continued focus and prioritization for the Committee. Under the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (FY20 NDAA), significant changes were made to DOD requirements under TAP. Corresponding changes to VA and Department of Labor - Veterans' Employment and Training Service (DOL-VETS) transition programs passed the House, but not the Senate. These changes at VA and DOL-VETS will continue to be a focus for the Committee and relevant agencies, and will require attention, funding, and political will to shift TAP to an individually tailored program that can address the critical needs of service members leaving the military. DOD and DOL-VETS have kept the Committee updated on implementation of the FY20 NDAA changes, but major portions administered by DOL-VETS missed the Oct 1, 2019 implementation date. The Committee will continue to monitor changes to TAP with site visits and briefings to ensure the transition experience meets the needs of servicemembers, and the Committee will look for additional pathways to provide transition services to servicemembers, spouses, and veterans.

The Committee will continue oversight efforts of implementation of the Harry W. Colmery Educational Assistance Act of 2017, also known as the Forever G.I. Bill. This bipartisan law is the largest expansion of educational benefits since the passage of title V of the Post 9/11 G.I. Bill. The Committee is concerned with the issues VBA faced with the implementation of Sections 107 and 501 of Forever G.I. Bill, and realizes those issues are a symptom of larger project management, contract design and enforcement, and information technology acquisition problems within VA. A talented, empowered, and motivated workforce will be necessary to overcome these obstacles and complete implementation of the Forever G.I. Bill.

The Committee will remain focused on implementation of the Forever G.I. Bill according to Congressional intent. This oversight will ensure the Forever G.I. Bill provides opportunities for service members and veterans to reintegrate into civilian life and enables them to access the same economic opportunities as their civilian peers. The Committee will make sure VA prevents bad actors in the education and economic sectors from targeting veterans because of the generous benefits of the G.I. Bill. VA will need to better enforce protections for student veterans and enable private, non-profit, and governmental entities to work within existing regulations to quickly create on-the-job trainings, apprenticeships, and DoD Skillbridge programs. Under Committee oversight, VA must develop identifying and measuring metrics that accurately quantify the quantity and quality of educational and economic opportunities, which will require data tracking and sharing across Cabinet level agencies and sub-agencies. The Committee will also focus on closing the "90/10 loophole" in the Higher Education Act to curb abusive practices by some entities.

The Vocational Rehabilitation and Employment (VR&E) program provides education and training benefits for disabled veterans with barriers to employment. It also manages the Independent Living (IL) program, designed to enable the most severely injured veterans to live as independently as possible, and the Veteran Success on Campus (VSOC) program, which stations VA Vocational Rehabilitation staff at institutions of higher learning. The Committee continues to be concerned about counselor caseloads and outcomes of VR&E programs as well as the administration of the self-employment track of the VR&E program, which can often result in high costs. Extensive study and reform of the VR&E program will be necessary to preserve and improve its ability to address the needs of vulnerable veterans before they are in crisis and ensure their successful reintegration into civilian life. While VA finally met the 125:1 student to counselor ratio in 2019, the Committee will continue to monitor if this number is appropriate and in the best interest of veterans.

The Veterans Benefits Administration (VBA) remains underfunded for technology improvements, most critically for the Education Service (ES). Following the failed implementation of the Colmery Act, the Committee has been closely working with the Administration to identify improvements needed to modernize ES. The Committee made several site visits during 2019 and hosted a demonstration for Congressional staff prior to the President's Budget being presented to Congress.

The Administration shared its constraints with the existing ES benefits systems with the Committee, including the need for ES staff to use more than fifteen separate systems simultaneously. As such, the Committee is disappointed the Administration failed to include any specific funding in the FY21 budget to provide for system improvements or replacements. While VA budget materials include references to the need to replace the Benefit Delivery Network (BDN), no funding is provided. The Committee estimates the needs to modernization the ES systems would cost an estimated $150 million, in line with the recommendations of the Independent Budget.

Cost-of-living Allowance Round-down

The Committee opposes the budget's proposed rounding-down of the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). It undercuts the goal of ensuring veterans' compensation keeps pace with the economy. Disabled veterans and their surviving spouses and children should not be made to pay for other veterans' programs and benefits through cuts to their own benefits.

Office of Inspector General

Finally, the work of the VA Office of Inspector General (IG) has been invaluable to the Committee's work due to their unbiased investigations and audits. The Committee supports full funding for IG's work and increases to its budget. IG has been under-resourced while responding to numerous whistleblower complaints, congressional investigation requests, and performing statutorily mandated audits. The Committee will oppose Administration proposals to flat-fund or cut IG's budget.

The Committee appreciates your strong support of programs and benefits for veterans and looks forward to working with you to adequately resource VA in FY 21.

Sincerely,

Mark Takano

Mark Takano
Chairman

DEMOCRATS
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JON TOWERS
REPUBLICAN STAFF DIRECTOR

March 27, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
Washington, D.C. 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

Section 301(d) of the Congressional Budget Act of 1974 requires each committee to submit their "views and estimates…with respect to… matters within the jurisdiction or functions" of their committee to the Budget Committee. Accordingly, we write to express our support for the President's Fiscal Year (FY) 2021 budget request for the Department of Veterans Affairs (VA).

Under Republican leadership between the 112th and 115th Congresses, the minority's input was actively sought and the committee prepared a bipartisan views and estimates letter. In all but one year, that letter was jointly signed by the Chairman, Ranking Member, and a nearly unanimous group of committee members. Unfortunately, for the second consecutive year, the Democrat majority prepared its views and estimates without minority input. Moreover, in direct contradiction to the law's requirement, the Democrat majority's views and estimates letter comments on matters well outside the jurisdiction and expertise of the committee in a way that is often false or misleading. For example, contrary to the claims made by the Democrat majority, the President's budget does not cut veterans' health care. It does not cut Medicare, which would continue to grow by an average annual rate of 6.5 percent under the President's budget, or Medicaid, which would continue to grow by an average annual rate of 3.7 percent under the President's budget. It also does not cut housing assistance to chronically homeless veterans through the Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) program, given that there are 10,389 active HUD-VASH vouchers that are currently unused and available for the veterans who may need them.

Like Congress, the President has a responsibility under the law to produce a proposed budget for the country. Unlike the Democrat majority, the President has fulfilled that responsibility. We may not agree with every aspect of the President's budget request but we commend him for producing one for debate. Contrary to the Democrat majority's assertion that the budget would have a "devastating" impact on veterans, the President's FY 2021 budget request represents a historic level of funding and staff for VA and is reflective of his continued commitment to supporting those who have served. In total, the budget request would provide $243.3 billion for VA, a 10.2 percent increase above FY 2020 enacted levels. That request includes $133.8 billion in mandatory funding, a 7.2 percent increase above FY 2020 enacted levels, for compensation and pension, education, readjustment, housing, insurance, and other benefits programs for veterans. It also includes $109.5 billion in discretionary funding, a 14.1 percent increase above FY 2020 enacted levels, to care for veterans through the VA healthcare system and inter them in national veterans' cemeteries. To carry out these important healthcare, benefits, and memorial programs, the request would support 404,835 VA employees, an increase of 14,866 above FY 2020.

This level of investment is necessary to further the accomplishments Congress and the President have achieved together for veterans and their families. Those accomplishments include the enactment of several pieces of legislation that have proved transformational for the Department and have led to significant improvements in the well-being of the nation's veterans. Under the VA Accountability and Whistleblower Protection Act, veterans are benefiting from poor-performing VA employees being held accountable and additional avenues being available for whistleblowers to report concerns and be protected from retaliation. Under the Harry W. Colmery Veterans Educational Assistance Act (also known as the Forever GI Bill), veterans are benefitting from being able to use the GI Bill benefits that they earned whenever they choose without regard to time limit restrictions. Under the Veterans Appeals Improvement and Modernization Act, veterans are benefitting from having their appeals decided faster and more efficiently and the number of pending claims and appeals awaiting adjudication at VA and the Board of Veterans' Appeals has decreased by tens of thousands. Under the MISSION Act, veterans are benefitting from increased access to care, increased choices in care, and increased control over their care and a long-standing inequity for family caregivers of pre-9/11 veterans has been corrected. Finally, under the Blue Water Navy Vietnam Veterans Act, veterans who served in the offshore waters of Vietnam during the Vietnam era are benefitting from the compensation and healthcare they earned during their service more than four decades ago and more than half of all claimants so far have been granted the overdue support they have waited so long to receive.

These legislative achievements and the President's leadership, pro-veteran, and pro-growth policies are demonstrated by results. For example, veteran unemployment reached near-record lows prior to the current economic crisis. Furthermore, veterans are expressing an increasing level of confidence in VA services after years of distrust. VA employees, whose numbers have increased by more than fifty thousand since the President took office, are also expressing greater satisfaction with VA as evidenced by VA's ranking as one of the top six Best Places to Work in the Federal government.

In addition, during the President's first term, VA finally committed to modernizing the Department's electronic health record and achieving true interoperability with the Department of Defense after many years of failed efforts.

While these accomplishments are undoubtedly impressive, our work on behalf of veterans and their families is far from over. Perhaps most tragically, an estimated twenty servicemembers, veterans, and never-Federally activated members of the National Guard and Reserve will die by suicide today. That daily rate of veteran suicide has remained consistent for two decades despite increasing funding for mental health care and suicide prevention programs targeted to these populations. We wholeheartedly join the Democrat majority in prioritizing the prevention of veteran suicide. Accordingly, we fully support the President's PREVENTS Task Force. We also fully support the President's proposal to expand the reach of VA's mental health and suicide prevention programs by offering grants to local entities with appropriate expertise to identify and care for at-risk servicemembers and veterans, particularly the fourteen per day who die by suicide without having engaged in VA care prior to their death. Unfortunately, the Democrat majority has continually resisted that proposal and acted to prohibit suicidal and at-risk veterans from receiving needed and potentially life-saving clinical care.

Of course, the most pressing concern as of the writing of this letter is the COVID-19 pandemic. As the nation's largest integrated healthcare system with a statutory mission of assisting in the Federal response to a national disaster or emergency, we are gravely concerned about the impact this deadly pandemic will have on veteran patients and on VA's operations. We fully support the almost $20 billion in emergency funding that is provided in the CARES Act to assist VA in keeping veterans and employees safe during this public health crisis and in fulfilling VA's obligations under the Department's so-called "Fourth Mission." We remain in regular contact with senior VA leaders and are closely monitoring VA's response efforts. As VA's needs and responsibilities continue to evolve in the face of this virus, we stand ready to assist in any further legislative relief that may be necessary to protect veteran and employee lives and ensure that VA can continue providing high-quality care, benefits, and services in this uncertain time.

There is no doubt that the COVID-19 pandemic presents an unparalleled challenge for VA and for us all. Overcoming the current crisis and ensuring that our country continues to prosper before, during, and after it will require us to set aside our political divisions and embrace a spirit of bipartisan cooperation and compromise. The Veterans' Affairs Committee has long been a bastion of bipartisanship in an increasingly partisan political atmosphere. In the face of such unparalleled times for the American people, we sincerely hope that our committee will soon return to that rich tradition.

As always, we appreciate the Budget Committee's work and continued support for the millions of brave men and women who have served in the Armed Forces.

Sincerely,

David P. Roe, M.D.
Ranking Member

The Republican Committee Members listed below are supportive of this letter but were precluded from signing it due to the ongoing national emergency:

The Honorable Gus M. Bilirakis

The Honorable Amata C. Radewagen, Vice Ranking Member

The Honorable Mike Bost

The Honorable Neal Dunn

The Honorable Jack Bergman

The Honorable Jim Banks

The Honorable Andy Barr

The Honorable Dan Meuser

The Honorable Steve Watkins

The Honorable Chip Roy

The Honorable W. Gregory Steube

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON D.C. 20515

March 4, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building

The Honorable Steve Womack
Ranking Member
Committee on the Budget
507 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As required by Section 301(d) of Congressional Budget Act of 1974 and rule X, clause 4(f) of the Rules of the House of Representatives, the Committee hereby transmits our "views and estimates" letter, which was approved by the House Ways and Means Committee in open meeting by voice vote on March 3, 2020.

Sincerely,

Richard E. Neal
Chairman

cc: The Honorable Kevin Brady
Ranking Member, Committee on Ways and Means

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON D.C. 20515

March 3, 2020

The Honorable John Yarmuth
Chairman
House Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

As required by Section 301(d) of the Congressional Budget Act of 1974 (P.L. 93-344), this letter transmits the Views and Estimates of the Committee on Ways and Means on those aspects of the Federal budget for Fiscal Year 2021 that fall within the Committee's jurisdiction.

This year, the Committee plans to pursue an agenda that spurs economic growth and expands Americans' access to affordable health care. As this letter details, we will aim to: protect critical programs like Social Security and Medicare and strengthen Americans' retirement security; improve health care accessibility and affordability, including ending the practice of surprise medical billing and lowering prescription drug costs in the United States; ensure our nation's tax policies are fair for families and small businesses; modernize America's infrastructure to create good jobs and support U.S. competitiveness in the global economy; and promote trade agreements that benefit American workers, strengthen the U.S. economy, and enhance U.S. competitiveness.

I. LEGISLATIVE ISSUES WITH BUDGETARY IMPACT

A. Health Care

The Committee will work to advance policies that improve health care coverage and affordability for all Americans. In particular, we will seek out solutions that lower the cost to patients and the federal government for prescription medicines. Through oversight of Administrative actions and advancement of legislation, the Committee will work to lower costs, improve coverage for Americans and protect individuals with pre-existing conditions. Likewise, for those Americans affected by "surprise medical bills," the Committee will seek to address the root causes and stop this practice entirely. Also importantly, the Committee will work to address Medicare's solvency and gaps in Medicare coverage, as well as to improve health security for older Americans and people living with disabilities on Medicare. The Committee will consider policies in the Medicare program to increase value and ensure that patients continue to have access to quality health care providers. Through all of these initiatives, the Committee will examine health care challenges in rural and underserved communities, including the impact social determinants of health and health disparities have on affordability and access to care and pursue policies to address inequality and encourage upward mobility throughout the health system and in the economy as a whole.

B. Social Security

The Committee will work to protect and strengthen our nation's most important insurance system, Social Security, so it remains a secure foundation of economic security for retirees and for families who have lost a breadwinner to death or a severe disability. It will reject proposals to reduce Social Security benefits, through legislative, regulatory or administrative changes that deny benefits to individuals who meet the eligibility criteria in the law. It will work with the Appropriations Committee to ensure that the Social Security Administration (SSA) is provided sufficient administrative resources to enable SSA to provide prompt and accurate service to beneficiaries, including reducing excessive wait times for disability appeals hearings, responding to phone calls, serving customers in local field offices, investing in information technology modernization, and meeting its statutory obligation to mail benefit-estimate statements to taxpayers. Additionally, the Committee will continue to oversee SSA operations to ensure that all beneficiaries, workers, and their families are able to access their earned benefits.

C. Tax Policy

The Committee will prioritize tax policies that benefit middle class families and those working to climb into the middle class. The Committee recognizes that, even with significant growth in the economy, for more than two decades middle-class expenses like housing, health care, and higher education have steadily gone up. The tax code influences nearly every aspect of middle-class economic struggles: wage levels, housing and health care markets, access to higher education and worker training, and the cost of raising children. The Committee will examine policies that deliver more inclusive economic growth that supports and grows America's middle class. These worker-focused policies will include infrastructure investment, retirement savings, workforce development, access to higher education, and small business growth. In addition, the Committee will continue to review other tax matters, including administration of the tax laws by the Internal Revenue Service (IRS), and will closely scrutinize the revenue recommendations contained in the President's Fiscal Year 2021 Budget.

D. Trade

The Committee seeks to ensure that U.S. trade policies and practices, including in coordination with other economic policies, work to the benefit of regular Americans today and in the future. This includes prioritizing the enforcement of U.S. trade laws, trade agreements, and preference programs. The Committee also intends to review and work with the Administration on the implementation of the U.S.-Mexico-Canada Agreement (USMCA). The Committee will exercise robust oversight over the Administration's efforts to negotiate with foreign countries to reduce or eliminate restrictions on trade with the United States, including ongoing negotiations with China, Japan, the European Union, and the United Kingdom, as well as soon-to-be initiated negotiations with Kenya and any other potential partners. The Committee will also oversee

Administration efforts and initiatives to engage in reform efforts and negotiations at and under the auspices of the World Trade Organization. The Committee intends to consider updates and enhancements in legislation to reauthorize: U.S. preference programs (including the Generalized System of Preferences, which expires in December 2020, and the Caribbean Basin Trade Preferences Act, which expires in September 2020); the Miscellaneous Tariff Bill, which expires in December 2020; Bipartisan Congressional Trade Priorities and Accountability Act, which expires in June 2021; and Trade Adjustment Assistance, which expires in June 2021. Finally, the Committee will continue its oversight over the budgets and activities of agencies within its jurisdiction, including the Office of the U.S. Trade Representative, U.S. Customs and Border Protection, and the U.S. International Trade Commission.

E. Worker and Family Support

The Committee will work to reduce child poverty and level the playing field for working parents, including providing necessary paid family and medical leave to working Americans of all ages who need it, and improving career pathways for individuals who face barriers to employment and economic mobility. The Committee will continue to oversee the implementation of the bipartisan Family First Prevention Services Act and address the needs of vulnerable children in foster care, including current and former foster care youth transitioning into adulthood. The Committee will also continue to support and oversee the expansion of services to help unemployed workers return to work more quickly. The Committee will act to prevent any lapse in state funding for expiring programs within our jurisdiction.

II. THE FISCAL YEAR 2021 BUDGET

The Committee is reviewing the President's Fiscal Year 2021 Budget. The budget proposes significant changes in a number of areas within the Committee's jurisdiction. Over the course of the year, the Committee will continue to examine and consider the proposals and assumptions in the President's budget and provide oversight of the Republican tax law and other Administration policies.

III. Public Debt Limit

The current debt limit suspension period will end on July 31, 2021. The Committee will continue to monitor the level of outstanding debt and will take any necessary action to ensure the consistent financing of government operations.

The Committee on Ways and Means looks forward to working with the Committee on the Budget to promote opportunity for working Americans while continuing to be responsible stewards of Federal spending.

Sincerely,

Richard E. Neal
Chairman

JOINT ECONOMIC COMMITTEE
CONGRESSMAN DON BEYER, VICE CHAIR

April 2, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building, Washington, D.C. 20515

Dear Chairman Yarmuth,

Pursuant to section 301(d) of the Budget Act of 1974, I have asked the Democratic staff of the Joint Economic Committee to evaluate the state of the economy in accordance with the goals of the Employment Act of 1946.

The COVID-19 pandemic has caused a global economic crisis. We are just beginning to see the extent of the economic damage in the United States. In the week ending March 21, nearly 3.3 million workers filed initial unemployment claims—about five times the highest level during the Great Recession.[1] The Congressional Budget Office now estimates that gross domestic product will decline at an annualized rate of 28 percent in the second quarter of this year, even after Congress injected more than $2 trillion into the economy.[2] Economic activity is decelerating at rates we have not seen since the Great Depression.

The key to limiting the likely economic devastation is to focus laser-like on slowing the spread of the virus. If we are not successful, no amount of fiscal stimulus will prevent a deep recession. Our primary economic policy must be to protect the public health. As was stated in a recent open letter signed by top U.S. economists, two former chairs of the Federal Reserve, four Treasury secretaries and other top officials in both Democratic and Republican administrations, "Saving lives and saving the economy are not in conflict right now; we will hasten the return to robust economic activity by taking steps to stem the spread of the virus and save lives."[3]

Congress deserves enormous credit for quickly passing major legislation to respond to the public health crisis and to help workers and families, hospitals and health care providers, small businesses and students to weather this storm and to ensure that we are better prepared in the future. I had argued for at least

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[1] Department of Labor; https://www.dol.gov/ui/data.pdf

[2] Congressional Budget Office, https://www.cbo.gov/publication/56314

[3] Economic Strategy Group Statement on COVID-19 Pandemic and Economic Crisis; https://economicstrategygroup.org/resource/economic-strategy-group-statement-covid19/

$1.5 trillion in new spending—almost twice the size of the American Recovery and Reinvestment Act—and was very pleased that the broader package was historic in size at $2.2 trillion.

We will likely have to do much more to bolster the economy in the coming weeks. It is critical that we substantially increase support for state and local governments that are fighting on the front lines of the coronavirus pandemic. Because of the slow and ineffective response by the administration, our collective fates depend on their success, and it is imperative that we help provide them with what they need. Federal funding is essential because states are contending with shrinking revenue sources and balanced budget requirements while facing an astronomical escalation in demand for health care, unemployment insurance and other services.

Under my direction, the Democratic staff of the Joint Economic Committee soon will release an issue brief about the critical importance of large-scale federal aid to state and local governments.[4] During debate over the first legislative package, we also released a paper explaining why a payroll tax cut is an ineffective fiscal stimulus.[5] We hope to continue to play a vital role in analyzing the economic impact of the coronavirus and the possible economic policy responses to it.

In addition, the Joint Economic Committee Democratic staff will continue to assess the impacts of Trump administration policies, such as the Tax Cuts and Jobs Act and its tariff policies.[6] And we will continue to set the record straight on some of the President's misleading claims about the economy, such as that his policies had led to a "blue collar boom."[7] We have found that most Americans have received little economic benefit from Trump policies, even before the pandemic hit.

But, our focus now, like other committees, must be on the challenges ahead. To meet that challenge, policymakers will need to be bold, innovative and nimble as we respond quickly to changing health and economic conditions across the country.

We propose the following general principles to help guide efforts to sustain the economy, mitigate the worst economic effects of the novel coronavirus and minimize the impacts to families, businesses and communities:

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4 *Massive Aid to State and Local Governments Needed to Slow Economic Damage;* https://bit.ly/StateandLocalAid

5 *Cutting Payroll Taxes is an Ineffective Way to Counter the Economic Damage of the Coronavirus*; http://bit.ly/PayrollTaxCutIssueBrief

6 *Two Years of Evidence Show 2017 Tax Cuts Failed to Deliver Promised Economic Boost*; http://bit.ly/2017TaxCuts

7 *What "Blue Collar Boom"?;* https://bit.ly/BlueCollarBoom

1) Continue to make the magnitude of our fiscal response proportional to the real and foreseeable economic harm to American families, businesses and the economy. The recent $2.2 trillion legislative package very likely will not be enough given the historic nature of the threat to our economy.

2) Provide state and local governments with the resources they need to fight the coronavirus pandemic. Most state governments are hamstrung by balanced budget requirements and face steeply falling revenues, so they desperately need federal assistance.

3) Build automatic mechanisms into relief and stimulus packages. We must extend spending if conditions require it, while dialing back spending if the situation improves can help align the response to the need. This can extend to direct cash payments, unemployment insurance and SNAP.

4) Minimize unnecessary long-term damage to productive capacity and make additional smart investments while interest rates are near zero to prepare us to better compete in the future. This crisis has exposed vulnerabilities and inequities in our health and communications infrastructure as well as the limits of our supply chains. When we have successfully made it through the acute phase of this crisis, we should turn to addressing those needs while also making substantial investments in our nation's roads and bridges, energy grids and broadband networks. Infrastructure investments can be made at virtually no cost—as borrowing rates, after adjusting for inflation, are negative.

5) Mitigate the disparate economic impact on poor and middle-income Americans. The unanticipated, unprecedented actions taken by Congress to combat COVID-19 will cause us to revisit past policies and priorities to ensure that the nation can access the resources to make productivity enhancing investments in early education, research and development and other areas. As we reexamine past policies, such as the Tax Cuts and Jobs Act, we must apply an equity lens to ensure those who have been left out of growth—particularly low- and middle-income Americans—are prioritized.

6) Embrace mid-course corrections. Over the coming weeks and months, we will learn that certain aspects of the congressional response to the pandemic did not work as planned. In bills this complex and at a scale this large, that is inevitable. If small businesses aren't accessing loans and if individuals aren't filing returns that enable them to access direct payments or if state systems continue to be overwhelmed and unemployed individuals cannot file and receive the extra $600 weekly UI benefit, we must adapt quickly, adjusting in real time based on what we see in the data. We must continue to refine and strengthen our response until Americans are safe and back at work.

7) Resist likely Republican calls for austerity. This is a case where lessons from the recent past should instruct us. Fiscal policy following the Great Recession, in particular austerity policies pursued by congressional Republicans such as the 2011 Budget Control Act, slowed the economic recovery, including substantially delaying the return to pre-recession employment levels.

8) Develop mechanisms for quickly stabilizing the economy in future crises. Congress has acted forcefully to blunt the economic impact of the coronavirus, but its response has been hampered by administrative and capacity issues such as states' outdated unemployment insurance systems in the middle of a fast-moving crisis. Establishing how we will react to the next crisis now should help us begin knocking down those barriers.

There is broad agreement now that we must do everything possible to fight this horrible pandemic. Our willingness to take additional bold action can help save American lives and prevent another Great Depression. I look forward to working with you on this most critical endeavor.

Sincerely

Donald S. Beyer
Vice Chair
U.S. Congress Joint Economic Committee